

*Official Statement**Union Sanitary District
Alameda County, California**\$4,700,000 Principal Amount
Sewer Revenue Bonds, Series A*


*Bonds -- Calif. -- Union City
Sewage disposal plants -- France
CA -- Union City
Union City -- Econ. bonds.*

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Bids to be received by a representative of the Board of Directors of Union Sanitary District up to 10:00 A.M., Tuesday, September 26, 1978 at the offices of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California 94111.



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UNION SANITARY DISTRICT
Alameda County, California

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Wells Fargo Bank, N.A., San Francisco
Fiscal Agent

Chemical Bank, New York, New York
Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois
Paying Agents

The information contained in this Official Statement was prepared under the direction of the Board of Directors of the Union Sanitary District by Stone & Youngberg Municipal Financing Consultants, Inc., financing consultants to the Union Sanitary District.

All of the following summaries of the statutes, resolutions and project reports are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The Official Statement contains estimates and matters of opinion which are not intended as representations of fact. All estimates, statements and assumptions in this Official Statement have been made on the best information available, and are believed to be reliable and correct, but no representation whatsoever is made that such estimates, statements and assumptions are correct or will be realized. This Official Statement is not to be construed as a contract with the purchasers of the bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS AUGUST 28, 1978

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TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$4,700,000 principal amount of Union Sanitary District Sewer Revenue Bonds, Series A, the "Bonds," proposed to be issued by the Union Sanitary District.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Union Sanitary District (which firm will receive compensation from the District contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The agreements of the Union Sanitary District with the purchasers of the Bonds are set forth in Resolution No. 1424 of the Board of Directors of Union Sanitary District providing for the issuance of Union Sanitary District Sewer Revenue Bonds (General Resolution), and Resolution No. 1425 of the Board of Directors of Union Sanitary District providing for the issuance of the Series A Bonds (First Supplemental Resolution). These documents will be available to any prospective investor in the Bonds. Reference is hereby made to these documents for a complete statement of the rights and obligations of the District and holders of the Bonds.

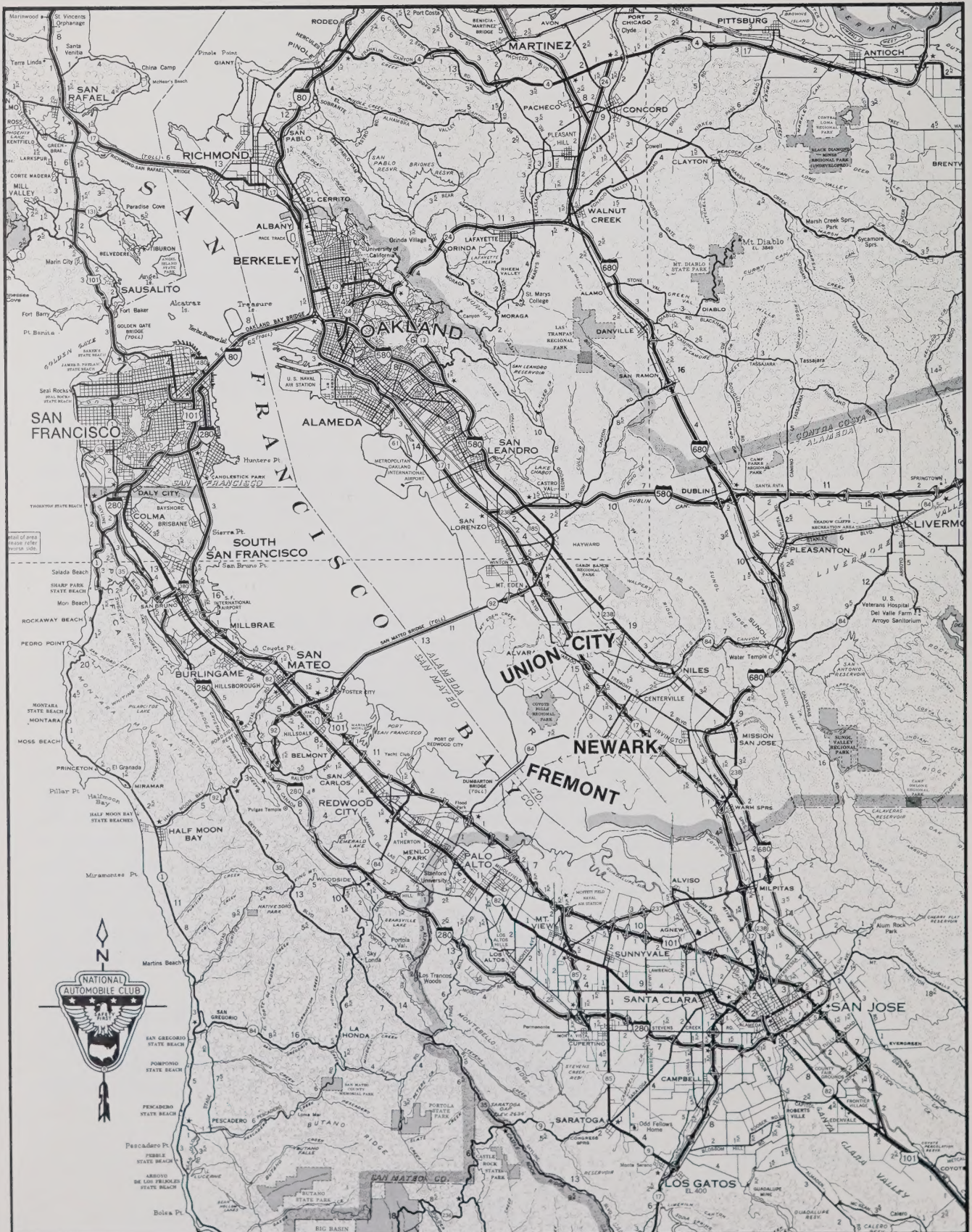
No dealer, broker, salesman or other person has been authorized by the Union Sanitary District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The Union Sanitary District will deliver to the purchaser of the Bonds a certificate of the President of the Board of Directors and the General Manager/District Engineer dated the date of bond delivery, stating that as of the date thereof, to the best of the knowledge and belief of said officials, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Bonds to distribute copies of the Official Statement in connection with the resale of the Bonds. 200 copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose.

The opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the District, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the section entitled, "The Bonds."

Dated August 28, 1978

UNION SANITARY DISTRICT



The Union Sanitary District, located approximately 30 miles south of Oakland and 35 miles southeast of San Francisco, serves the City of Union City, most of the incorporated area of the Cities of Newark and Fremont and adjacent unincorporated areas in southern Alameda County.

THE BONDS

Authority for Issuance

At an election held within the Union Sanitary District on November 2, 1976, voters authorized the issuance of \$10,800,000 of sewer revenue bonds by a vote of 26,773 to 24,191 (52.5 percent).

The Union Sanitary District Sewer Revenue Bonds, Series A, hereinafter referred to as the "Bonds," represent the initial series of said authorization. The Bonds are being issued pursuant to and in conformity with:

(1) The Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6 (Sections 54300 *et seq.*) of the Government Code of the State of California;

(2) Resolution No. 1424, A Resolution of the Board of Directors of Union Sanitary District Providing for the Issuance of Union Sanitary District Sewer Revenue Bonds (General Resolution); and

(3) Resolution No. 1425, A Resolution of the Board of Directors of Union Sanitary District Providing for the Issuance and Prescribing the Terms, Conditions and Form of \$4,700,000 Principal Amount of Union Sanitary District Sewer Revenue Bonds, Series A (First Supplemental Resolution).

A copy of Resolution No. 1424 and Resolution No. 1425 accompanies this Official Statement.

It is anticipated that the District will not issue any additional series of Sewer Revenue Bonds prior to 1981.

Terms of Sale

Bids for the purchase of the Bonds will be received by a representative of the Board of Directors of Union Sanitary District up to 10:00 a.m., Tuesday, September 26, 1978 at the offices of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California 94111.

It is expected that the bids will be referred to the Board of Directors for action in the evening of

the same day. Details of the terms of sale are set forth in the Official Notice of Sale adopted by the Board of Directors on August 28, 1978, a copy of which accompanies this Official Statement.

Description of the Bonds

The Bonds will be dated October 1, 1978 and will be issued as coupon bonds in the denomination of \$5,000 each, numbered A1 through A940. The Bonds will mature serially on October 1 in each of the years and in the amounts shown in Table 1, Schedule of Maturities.

Table 1
Schedule of Maturities

Maturity Date October 1	Principal Amount	Maturity Date October 1	Principal Amount
1979 ...	\$110,000	1989 ...	\$225,000
1980 ...	120,000	1990 ...	240,000
1981 ...	130,000	1991 ...	260,000
1982 ...	140,000	1992 ...	275,000
1983 ...	150,000	1993 ...	295,000
1984 ...	160,000	1994 ...	320,000
1985 ...	170,000	1995 ...	340,000
1986 ...	185,000	1996 ...	365,000
1987 ...	195,000	1997 ...	390,000
1988 ...	210,000	1998 ...	420,000

Interest on the Bonds will be payable semi-annually on April 1 and October 1 in each year, beginning April 1, 1979.

Principal of and interest on the Bonds will be payable at the principal office of the Wells Fargo Bank, N.A., San Francisco, California, fiscal agent, or at the holder's option at the principal office of Chemical Bank, New York, New York, or at the office of Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois.

Redemption Provisions

Bonds maturing on or before October 1, 1993, a total principal amount of \$2,865,000, are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after October 1, 1994, a total principal amount of \$1,835,000, are subject to call and redemption prior to their fixed maturity dates, at the option of the District, as a whole or in part in inverse order of maturity (and

by lot within any one maturity), on October 1, 1988, or on any interest payment date thereafter, upon payment of a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, plus a premium of one-fourth of one percent of such principal amount for each year or fraction of a year from the redemption date to the maturity date of the Bonds. The maximum premium payable upon call of the Bonds for redemption on or after October 1, 1988 would be 2½ percent.

Notice of Redemption

Notice of redemption is to be published, once a week for two successive weeks, in a financial newspaper or journal of general circulation, in San Francisco, California and in the same or similar financial newspapers or journals of general circulation in New York, New York, and in Chicago, Illinois. The first publication must be at least 30 days but not more than 60 days prior to the redemption date. The Fiscal Agent is required to give written notice to the owners of any registered bonds.

Fiscal Agent

The Wells Fargo Bank, N.A., San Francisco, California has been appointed as the District's Fiscal Agent in connection with the Bonds. The Fiscal Agent is authorized and directed to maintain the Interest Account, the Principal Account, and the Bond Reserve Account, and to pay interest on and principal of all Bonds when due. Resolution No. 1424 (General Resolution) required that certain notices, certificates, and reports be filed with the Fiscal Agent to demonstrate compliance with the Resolution and for such purposes as the issuance of additional bonds.

Registration

The Bonds will be issued as coupon bonds and will be registrable only as to both principal and interest, with the privilege of deregistration and conversion into coupon bonds at the owner's expense.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel for the District. The unqualified opinion of Orrick, Herrington, Rowley & Sut-

cliffe attesting to the validity of the Bonds, will be supplied free of charge to the original purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond without charge to the successful bidder.

The statements of law and legal conclusions set forth in this Official Statement under the heading "The Bonds" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to a review of the legal procedures required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation (see section hereof entitled "Tax Exempt Status"). The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including this Official Statement, not mentioned in this paragraph.

Tax Exempt Status

In the opinion of Bond Counsel, the interest on the Bonds is exempt from all present Federal income taxes and from State of California personal income taxes under existing statutes, regulations, and court decisions, and the Bonds are exempt from all California taxes except inheritance, gift, and franchise taxes.

Other Closing Documents

In addition to the opinion of Bond Counsel and the certificate of District officials concerning this Official Statement, the District will, at the time of delivery of the Bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. **No-Arbitrage Certificate.** A certificate of the General Manager/District Engineer of the District that, on the basis of the facts and circumstances in effect at the time of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds.
2. **No-Litigation Certificate.** A certificate of appropriate District officials that there is no litigation pending affecting the validity of the Bonds.
3. **Signature Certificates.** Certificates of the respective District officials showing that they have

signed the Bonds by manual or facsimile signature, and that they were duly authorized to execute the same.

4. **Receipt of Fiscal Agent.** The receipt of the Fiscal Agent of the District showing that the purchase price of the Bonds, including accrued interest to the date of delivery has been received for the District.

Purpose of Issue

Proceeds from the sale of the Bonds will be used to finance the District's share of the cost of constructing Federal and State grant-aided sewerage improvements as detailed in the sections of this Official Statement entitled "The Phase I Project", and "District Phase I Project Financing Plan."

Security

The Series A Bonds, and subsequent series of Sewer Revenue Bonds to be issued pursuant to Resolution No. 1424 (General Resolution) are equally secured by an exclusive pledge and charge upon all Net Revenues of the Enterprise.

As defined in Resolution No. 1424 (General Resolution), the term "Net Revenues" means, for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs of the Enterprise during such period.

The term "Revenues" means all gross income and revenue received or receivable by the District from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges received by the District for Sewer Service and all other income and revenue howsoever derived by the District from the Enterprise or arising from the Enterprise, and including all sums required by Section 5.04 of the General Resolution to be deposited in the Revenue Fund, but excluding refundable deposits made to establish credit and advances, or contributions in aid of construction, connection fees, or other payments of a similar nature.

The term "Enterprise" is defined as the existing sewer system of the District, comprising all facilities for the collection, treatment and disposal of sewage, together with all additions, betterments, extensions and improvements to such sewer system or any part thereof hereafter acquired or constructed, and in-

cluding the interest of the District in the facilities of the East Bay Dischargers Authority.

The interest on, principal of, and redemption premiums on the Bonds are payable solely from Net Revenues and other funds as provided in Resolution No. 1424 (General Resolution) and the District is not obligated to pay it except from the Net Revenues and such other funds. The general fund of the District is not liable, and the full faith and credit of the District is not pledged, for the payment of the interest on or principal of the Bonds or the redemption premiums, if any. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income or receipts, except the Net Revenues and such other funds.

Creation of Special Funds and Accounts

Resolutions No. 1424 (General Resolution) and 1425 (First Supplemental Resolution) provide for the establishment of special funds and accounts to be held and administered by either the Fiscal Agent or the District. These funds and accounts will be employed in connection with the Enterprise as shown in Table 2 on page 4.

Disposition of Bond Proceeds

Resolution No. 1425 (First Supplemental Resolution) provides that proceeds received by the Fiscal Agent of the District upon delivery of the Series A Bonds are to be applied as follows:

Interest Account. Accrued interest, if any, paid by the purchaser of the Bonds is to be deposited by the Fiscal Agent into the Interest Account.

Bond Reserve Account. An amount sufficient to establish a balance equal to maximum aggregate annual debt service on the Series A Bonds is to be deposited by the Fiscal Agent into the Bond Reserve Account.

Series A Bond Fund. The remainder of Series A Bond proceeds shall be deposited into the Series A Bond Fund for the purpose of paying the costs of the acquisition and construction of improvements to the Enterprise. Any balance remaining in the Series A Bond Fund after the acquisition and construction of improvements to the Enterprise will be deposited in the Revenue Fund.

Table 2

UNION SANITARY DISTRICT SEWER REVENUE BONDS, SERIES A

Creation of Special Funds and Accounts

Resolutions No. 1424 and No. 1425.

Fund or Account	Source(s)	Use
Series A Bond Fund [Resolution No. 1425, Section 3.01] (Maintained by District after initial transfers to the Interest and Bond Reserve Account which are maintained by the Fiscal Agent)	Bond Proceeds	Construction, balance to Revenue Fund
Revenue Fund [Resolution No. 1424, Section 5.01] (Held by District)	All Enterprise Revenues	Transfers in order of priority to Maintenance and Operation, Interest, Principal, Bond Reserve, and Surplus Accounts
Maintenance and Operation Account [Resolution No. 1424, Section 5.03(1)] (Held by District)	Revenue Fund	Maintenance and Operation of Enterprise
Interest Account [Resolution No. 1424, Section 5.03(2)] (Held by Fiscal Agent) . .	Revenue Fund	Bond Interest
Principal Account [Resolution No. 1424, Section 5.03(3)] (Held by Fiscal Agent)	Revenue Fund	Bond Principal
Bond Reserve Account [Resolution No. 1424, Section 5.03(4)] (Held by Fiscal Agent)	Bond Proceeds and Revenue Fund	Bond Principal and Interest
Surplus Account [Resolution No. 1424, Section 5.03(5)] (Held by District)	Revenue Fund	Any authorized purpose after all other Accounts have been paid in accordance with Resolution No. 1424

Application of Revenues

Gross revenues of the Enterprise are to be deposited as received by the District into the Revenue Fund and applied to the following respective special accounts within the Revenue Fund in the following order of priority pursuant to Section 5.03 of Resolution No. 1424 (General Resolution).

(1) **Maintenance and Operation Account.** On the date of issuance of the Series A Bonds, the District shall deposit in the Maintenance and Operation Account a sum at least equal to the amount required by the District for the payment of budgeted Maintenance and Operation Costs of the Enterprise during the period commencing on such date and continuing through January 31, 1979. Thereafter, on or before the first day of each month, the District shall deposit in the Maintenance and Operation Account a sum equal to the amount required by the District for the payment

of budgeted Maintenance and Operation Costs of the Enterprise during such month.

(2) **Interest Account.** On or before the fifteenth day of each March and September, beginning in March 1979, the District shall deposit with the Fiscal Agent in the Interest Account an amount of Revenues equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding interest payment date.

No deposit need be made into the Interest Account if the amount therein is at least equal to the interest to become due on the next interest payment date upon all Outstanding Bonds.

(3) **Principal Account.** On or before the fifteenth day of each March and September, beginning in March 1979, the District shall deposit with the Fiscal Agent in the Principal Account an

amount of Revenues equal to (a) one-half of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds on the next succeeding October 1, plus (b) one-half of the aggregate amount of the minimum annual sinking fund account payments required by any Supplemental Resolution to be made during the year ending on the next succeeding October 1 into the respective sinking fund accounts for all Term Bonds for which sinking fund accounts shall have been established.

In the event that there shall be insufficient Revenues to make in full all such principal payments and sinking fund account payments required to be made at any one time, then such Revenues shall be applied pro rata to the making of such principal payments and such sinking fund account payments in that proportion which such principal payments and sinking fund account payments bear to each other.

No deposit need be made into the Principal Account so long as there shall be in such account (i) moneys sufficient to pay the principal of all outstanding Serial Bonds maturing by their terms on the next succeeding October 1 plus (ii) the aggregate of all minimum annual sinking fund account payments required to be made during the year ending on the next succeeding October 1.

(4) Bond Reserve Account. On or before the fifteenth day of each March and September beginning in March 1979, the District shall deposit with the Fiscal Agent in the Bond Reserve Account such amount of Revenues as shall be required to restore the Bond Reserve Account to a sum equal to the Maximum Aggregate Annual Debt Service on all Outstanding Bonds, or such larger amount as may be required to be maintained on deposit in the Bond Reserve Account by any Supplemental Resolution. No deposit need be made into the Bond Reserve Account so long as there shall be in the Bond Reserve Account a sum equal to at least the amount required to be on deposit.

If on any October 1, beginning in October, 1979, the amount in the Bond Reserve Account exceeds the sum required and if the District is not then in default, the Fiscal Agent shall withdraw any excess from said account and shall pay such amount to the District, for deposit in the Surplus Account. Except for such withdrawals, all moneys in the Bond Reserve Account shall be

used and withdrawn by the Fiscal Agent solely for the purpose of replenishing the Interest Account or the Principal Account, in such order, in the event of any deficiency in either of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the District is available therefor.

(5) Surplus Account. All money remaining in the Revenue Fund on October 1 of each year (except for an amount equal to the budgeted Maintenance and Operation Costs of the Enterprise for the four month period ending on the next succeeding January 31, money for the payment of which is not then on deposit in the Maintenance and Operation Account) after withdrawing all of the sums required to be withdrawn therefrom by the District by the provisions of Sections 5.03(1), (2), (3) and (4) of Resolution No. 1424 (General Resolution) shall be deposited by the District in the Surplus Account. Moneys in the Surplus Account shall be used as and when needed to eliminate any deficiency which may exist at any time in any of the accounts established by Sections 5.03(1), (2), (3) and (4) of Resolution No. 1424 (General Resolution) in such order and may be used at any time to pay Maintenance and Operation Costs of the Enterprise, or to pay costs of replacements, renewals and repairs of facilities of the Enterprise, or to pay costs of acquisition and construction of any additions, betterments, extensions or improvements to the Enterprise, or to pay principal of or interest on general obligation bonds of the District issued for the Enterprise, or to make any required repayments of State or Federal grants received for the Enterprise.

Additional Bonds

Article II of Resolution No. 1424 (General Resolution) provides that additional series of bonds may be issued on a parity with the Sewer Revenue Bonds Series A provided the following requirements are met:

(a) The District shall be in compliance with all covenants of the Resolution and a certificate of the District to that effect shall have been filed with the Fiscal Agent.

(b) The issuance of additional bonds shall have been duly authorized and the issuance of the additional bonds shall have been provided by a Supplemental Resolution adopted by the Board of Directors.

(c) Proceeds of additional bonds are to be applied solely for the purpose of making betterments, extensions, improvements or additions to the Enterprise or for refunding bonds of earlier series.

(d) Additional bonds must mature only on October 1 of any year and interest shall be payable semiannually, or annually for the first year and semiannually thereafter. Provisions must be made through serial maturities or minimum sinking fund payments for retirement of additional bonds on or before their respective maturity dates.

(e) An additional amount is to be deposited in the Bond Reserve Account so that its balance will be equal to the maximum aggregate annual debt service on all outstanding Sewer Revenue Bonds.

(f) Audited net revenues for the last fiscal year preceding adoption of a supplemental resolution, as certified by an independent public accountant, must have been equal to at least 1.25 times maximum aggregate annual debt service on all outstanding Sewer Revenue Bonds and additional bonds.

In determining net revenues for the purpose of issuing additional bonds, the District may add to actual net revenues for the preceding year the following provided they are certified as required: (1) 75 percent of the estimated additional average annual net revenue to be derived from any improvements and additions completed, or to be financed by the additional bonds or other bonds previously issued, during the first three years after completion of the improvements; and, (2) 75 percent of the amount by which net revenues would have been increased if any increases in rates and charges which have been adopted had been in effect for the entire fiscal year.

To the extent that additional bonds are issued to refund outstanding bonds, the debt service on the bonds to be refunded is to be excluded from the computation above.

Deposit and Investment of Funds

All moneys held by the District or the Fiscal Agent shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds, and shall be secured at all times by such obligations as are required by law and to the fullest extent required by law. Moneys in the Interest Account or in the Principal Account may, and

at the direction of the District, shall be invested by the Fiscal Agent, and moneys in the Bond Funds or in the Revenue Fund or in the Maintenance and Operation Account may, and at the direction of the District, shall be invested in Federal Securities maturing prior to the date on which such moneys are estimated to be required to be paid out. Money in the Bond Reserve Account may, and at the direction of the District, shall be invested by the Fiscal Agent in Federal Securities maturing not more than five years from the date of purchase by the Fiscal Agent, and money in the Surplus Account may, and at the direction of the District, shall be invested in any lawful investment.

Maintenance of Rates and Charges

The District covenants that so long as any of the Bonds are outstanding it will fix, prescribe, and collect rates, fees, and charges for services and facilities of the Enterprise so as to yield revenues sufficient to pay the following amounts in the following order of priority:

(a) All costs of maintenance and operation of the Enterprise;

(b) Interest, principal, and redemption premiums of the Bonds as they become due and payable;

(c) All payments required to comply with the terms of the General Resolution and all Supplemental Resolutions; and,

(d) All payments to meet any other obligations of the District which are charges, liens, encumbrances upon, and payable from the Revenues.

In addition, the District covenants that while any of the Bonds remain outstanding, rates, charges, and fees for service and facilities furnished by the Enterprise will be fixed, prescribed and collected so as to yield net revenues during the then immediately ensuing twelve-month period equal to at least 1.25 times aggregate annual debt service. Net revenues are defined as the gross revenues of the Enterprise remaining after payment of maintenance and operation costs.

Reference is made to Table 13 on page 31. These data indicate estimated future net revenues will provide Sewer Revenue Bond Service coverage ratios as follows: 1978/79 @ 1.31; 1979/80 @ 3.64; 1980/81 @ 2.74; and 1981/82 @ 3.79.

Additional Covenants

Additional covenants contained in Resolution No. 1424 (General Resolution) include the following:

(1) The District will punctually pay or cause to be paid the principal and interest and redemption premiums to become due in respect of all Bonds, in strict conformity with the terms of the Resolution and all Supplemental Resolutions.

(2) The District will not sell, lease or otherwise dispose of any part of the Enterprise, except property which has worn out, become nonoperative, or is not needed for the operation of the Enterprise.

If all or any substantial part of the Enterprise is condemned or sold under threat of condemnation, the proceeds of such award or sale must be applied to the construction and/or acquisition of new facilities or used to retire or redeem outstanding Bonds.

(3) The District will maintain the Enterprise in good repair and working order at all times from the revenues available for such purposes and will operate the Enterprise in an efficient and economical manner.

(4) The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien upon the revenues or otherwise impair the security of the Bonds.

(5) The District will maintain insurance on the Enterprise against such risks as are usually insurable in connection with similar enterprises. If any part of the Enterprise is damaged or destroyed, insurance proceeds are to be used to restore it to use, and to the extent not so applied must be deposited in the Revenue Fund.

(6) The District will secure and maintain fidelity insurance or bonds on officers and employees responsible for any revenues or funds of the Enterprise.

(7) The District will preserve and protect the security of the Bonds and the rights of the bondholders, and will warrant and defend their rights against all claims and demands of all persons.

(8) The District will keep proper books of records and accounts of all transactions relating to the Enterprise. Such books will at all times be subject to inspection by the Fiscal Agent or holders of not less than ten percent of the principal amount of the Bonds then outstanding.

The District will prepare and file with the Fiscal Agent annually:

(a) An audited statement of the preceding fiscal year showing the revenues, all disbursements from the revenues and all expenditures applicable to the Enterprise.

(b) A detailed balance sheet reflecting the financial condition of the Enterprise, including the balances in all funds held by the District and the Fiscal Agent.

(c) The statement and balance sheet shall be accompanied by a certificate or opinion in writing of an independent certified public accountant indicating the manner and extent to which the District has complied with the provisions of the Resolution.

(d) A statement as to all insurance carried on the Enterprise by the District as of the end of such fiscal year.

(9) The District will prepare annually a reasonably detailed summary statement showing the amount of the revenues and the disbursements from the revenues for the preceding fiscal year, and a general statement of the financial and physical condition of the Enterprise.

The District will furnish a copy of the summary statement to any bondholder upon request and will furnish to the Fiscal Agent copies for distribution to holders of Bonds requesting copies.

(10) Any bondholder has the right to mandamus or other appropriate remedy to compel the performance by the District and any of its officers of the duties imposed under the Revenue Bond Law of 1941 and the agreements with the bondholders as provided in the Resolution.

(11) The Resolution may be modified or amended only with the consent of holders of 60% of all Bonds then outstanding, but no such modification or amendment shall extend the maturity, reduce the interest rate or principal amount payable, or reduce the percentage of consent required for amendment without the express consent of the affected bondholders.

Estimated Annual Bond Service

Table 3 presents an estimate of annual bond service on the \$4,700,000 Sewer Revenue Bonds, Series A, based on an estimated interest rate of 7 percent.

Table 3**UNION SANITARY DISTRICT****Sewer Revenue Bonds, Series A, Estimated Annual Bond Service**

Fiscal Year	Principal Outstanding	Interest Payable @ 7%		Principal Maturing October 1	Estimated Total Bond Service
		October 1	April 1		
1978/79	\$4,700,000	\$ —	\$ 164,500	\$ —	\$ 164,500
1979/80	4,700,000	164,500	160,650	110,000	435,150
1980/81	4,590,000	160,650	156,450	120,000	437,100
1981/82	4,470,000	156,450	151,900	130,000	438,350
1982/83	4,340,000	151,900	147,000	140,000	438,900
1983/84	4,200,000	147,000	141,750	150,000	438,750
1984/85	4,050,000	141,750	136,150	160,000	437,900
1985/86	3,890,000	136,150	130,200	170,000	436,350
1986/87	3,720,000	130,200	123,725	185,000	438,925
1987/88	3,535,000	123,725	116,900	195,000	435,625
1988/89	3,340,000	116,900	109,550	210,000	436,450
1989/90	3,130,000	109,550	101,675	225,000	436,225
1990/91	2,905,000	101,675	93,275	240,000	434,950
1991/92	2,665,000	93,275	84,175	260,000	437,450
1992/93	2,405,000	84,175	74,550	275,000	433,725
1993/94	2,130,000	74,550	64,225	295,000	433,775
1994/95	1,835,000	64,225	53,025	320,000 ^①	437,250
1995/96	1,515,000	53,025	41,125	340,000 ^①	434,150
1996/97	1,175,000	41,125	28,350	365,000 ^①	434,475
1997/98	810,000	28,350	14,700	390,000 ^①	433,050
1998/99	420,000	14,700	—	420,000 ^①	434,700
Totals		\$2,093,875	\$2,093,875	\$4,700,000	\$8,887,750

^① Callable on or after October 1, 1988.

THE EBDA PHASE I PROJECT

East Bay Dischargers Authority Formation

In 1970, the California State Water Resources Control Board and the San Francisco Bay Regional Water Quality Control Board adopted a policy of encouraging public sewerage agencies to plan water pollution control facilities and wastewater management programs on a subregional basis. At that time a number of discrete subregional wastewater management planning areas were delineated, one of which included western Alameda County.

With the completion of preliminary planning studies in 1972, the Cities of Hayward and San Leandro and the Oro Loma, Castro Valley and Union Sanitary Districts entered into a joint exercise of powers agreement and engaged Jenks and Adamson, Consulting Sanitary Engineers, Palo Alto, California and Kennedy Engineers Inc., San Francisco, California, in a joint venture, to prepare a report on facilities, and programs needed to meet State and Regional Boards' pollution control and water quality management objectives. The resulting report, "East Bay Dischargers Water Quality Management Program Phase I Project," was completed in February 1974.

In February 1974, the two cities and three sanitary districts entered into a joint exercise of powers agreement to form the East Bay Dischargers Authority (EBDA) for the purpose of constructing and operating the proposed Phase I Project.

Service Area. EBDA's service area includes a population in excess of 450,000 and covers the intensively developed urbanized central and southern portions of western Alameda County that front on San Francisco Bay. The service area is approximately 25 miles in length and varies in width from 4 to 11 miles.

Included within EBDA's service area are the Cities of Fremont, Newark and Union City which are served by the Union Sanitary District; the

Cities of Hayward and San Leandro; and the unincorporated communities of San Lorenzo and Castro Valley which are served by the Oro Loma and Castro Valley Sanitary Districts, respectively.

Land use within EBDA's service area is primarily residential and commercial with substantial industrial development in the northern portion centering about San Leandro, Hayward, and San Lorenzo. Less intensively developed areas which are steadily becoming more urbanized with the conversion of agricultural lands to residential, commercial and industrial uses are located in the southern and eastern portions of EBDA's service area which are served by the Union Sanitary District and Castro Valley Sanitary District, respectively.

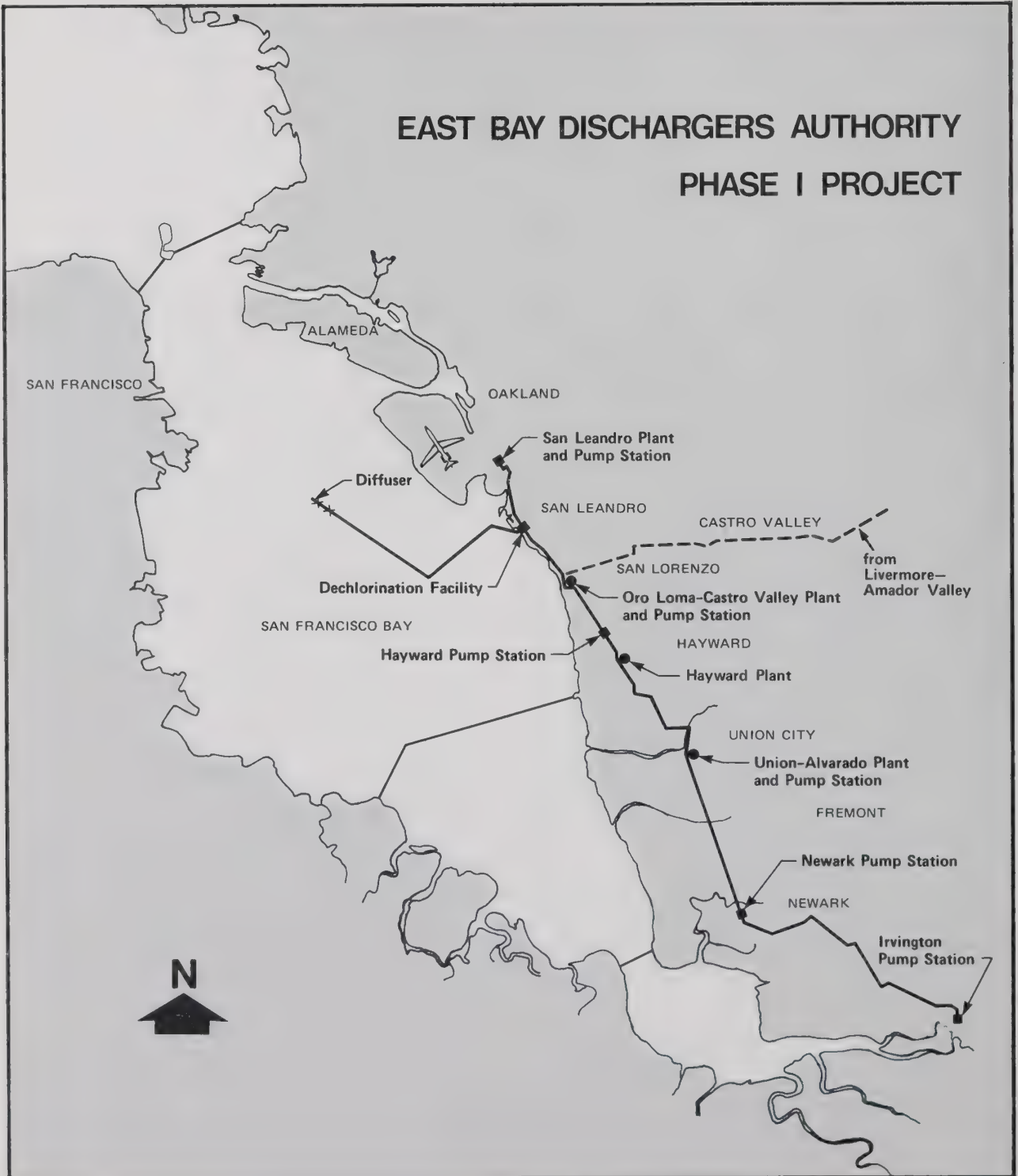
Governing Body. EBDA is governed by a Commission of five members, one from each of the Authority's five member agencies.

The affirmative vote of all members of the Commission is required to: adopt or modify the budget, approve amendments and supplements to the Phase I Project Report; determine which additional facilities shall be deemed joint-use facilities or sole-use facilities; authorize planning and special studies and reports; and approve contracts to provide service to other governmental or non-governmental entities.

The affirmative vote of four members of the Commission is required to approve plans and specifications for the Phase I Project; award, modify or accept work under any contract in excess of \$10,000; accept any grant agreement or interest in lands; and grant any license or permit.

The affirmative vote of not less than three members of the Commission is required for approval of all other business of the Authority.

EAST BAY DISCHARGERS AUTHORITY PHASE I PROJECT



The EBDA Phase I Project will serve Union Sanitary District (Cities of Union City, Newark, and Fremont), the Cities of Hayward and San Leandro, and the unincorporated communities of San Lorenzo and Castro Valley.

Powers. EBDA is empowered to plan for, acquire, construct, manage, maintain, operate, and control facilities for the collection, transmission, treatment, reclamation, sale and disposal of wastewater and to enter into contracts to provide services to other governmental or non-governmental entities within or outside its boundaries. Additionally, EBDA is also empowered to plan for, prepare studies and reports, and make recommendations for proper wastewater management.

Specific powers which EBDA is authorized to exercise include the following:

- (1) to make and enter into contracts;
- (2) to apply for and accept grants, advances, and contributions;
- (3) to employ or contract for the services of engineers, attorneys, planners, financial consultants, fiscal agents, and such other persons as it deems necessary;
- (4) to make plans and conduct studies;
- (5) to acquire, construct, manage, maintain, operate, and control any buildings, works or improvements;
- (6) to acquire, hold or dispose of property;
- (7) to sue and be sued in its own name;
- (8) to incur debts, liabilities, or obligations, subject to limitations set forth in the joint exercise of powers agreement;
- (9) to establish rates, tolls, fees, rentals, or other charges in connection with the facilities and services provided by the Authority; and
- (10) to plan for, acquire land or rights of way for, construct, operate, or maintain a member agency's sole-use facilities when specifically requested by that member agency, or when necessary to meet joint discharge requirements.

EBDA Staff. Management and administration of EBDA's affairs are carried out by a full time staff of 10 employees. The staff includes five registered engineers, each of whom has had more than 15 years of public works project management experience.

Mr. Wayne Bruce, Manager, was appointed to his position on July 1, 1975. Prior to his appointment as full-time Manager, Mr. Bruce was City Engineer and Assistant Public Works Director of the City of Hayward for a period of eight years. As part of his City Engineer duties, Mr. Bruce served as Acting Manager

of EBDA and was involved in the initial planning of the EBDA Phase I Project. Prior to his service with the City of Hayward, Mr. Bruce had 10 years of engineering experience in hydraulic and transportation design, engineering planning, and administration.

Mr. Oscarlee Fenton, Assistant Manager-Engineering was appointed to his position in 1976. His prior experience includes five years as Area Engineer for the San Francisco Redevelopment Agency during which he managed two large urban redevelopment projects. Prior to this period, Mr. Fenton was employed by the State of California Department of Water Resources for eight years during which he designed and maintained a management system to plan, schedule and monitor the design and construction of the California Water Project.

Phase I Project Facilities

EBDA's Phase I Project includes the construction of sole-use and joint-use wastewater pumping, conveyance, treatment, and outfall facilities. The facilities included in the Phase I Project constitute all of the facilities EBDA presently plans to construct and operate. No subsequent Project Phase(s) has been approved by the EBDA Commission.

District Sole-Use Facilities. At present Union Sanitary District's sewage treatment operations are carried out at three plants (Irvington, Newark, and Alvarado). The Phase I Project provides for the construction of new sewage pumping, conveyance, and treatment works to centralize and upgrade the District's sewage treatment operations to a secondary level at an expanded Alvarado plant, now under construction, by February 1981. The District's existing Irvington and Newark plants will be closed and demolished when the expanded Alvarado plant becomes operational.

Other Sole-Use Facilities. These facilities include the construction of works to upgrade sewage treatment processes to a secondary level at the Hayward, San Leandro, and Oro Loma sewage treatment plants.

Joint-Use Facilities. These facilities include a system of force main interceptor, dechlorination, and outfall facilities to convey treated wastewater from member agencies' treatment plants to a discharge point in San Francisco Bay, approximately 6 miles west of San Leandro.

EBDA's system of joint-use facilities is also designed with sufficient capacity to dispose of treated wastewater exported from the Livermore-Amador Valley by the Livermore-Amador Valley Water Management Agency (LAVWMA). This joint exercise of powers agency was formed by the Cities of Livermore and Pleasanton and the Dublin-San Ramon Services District to construct a pipeline to transport treated wastewater from its service area, approximately 15 miles to the east, to a connection point with EBDA's joint-use facilities. Construction of LAVWMA's pipeline project was initiated in March 1978 and is scheduled to be completed by November 1979.

EBDA and LAVWMA entered into an agreement on January 24, 1978 which provides, in part, that LAVWMA shall pay EBDA 10.43 percent of the construction costs of facilities required to convey, treat and dispose of LAVWMA's wastewater. The EBDA and LAVWMA agreement further provides that LAVWMA will share in meeting annual operation, maintenance, and replacement costs of EBDA facilities utilized by LAVWMA and EBDA's discharge monitoring program.

Joint-use pumping and conveyance facilities are designed to permit the reversal of flow to accommodate possible future reclamation and reuse of treated wastewater in the less intensively developed southern and eastern portions of EBDA's service area and possible export to other areas.

Phase I Project Cost Estimates

1976 Estimate. Following the completion of the February 1974 report, "East Bay Dischargers Water Quality Management Program Phase I Project", additional engineering and environmental impact investigations were conducted to refine details of Phase I Project facilities. These investigations resulted in the completion of the report "Final Supplement to the Project Report for the East Bay Dischargers Water Quality Management Program Phase I Project".

The August 1976 report estimated the cost of the Phase I Project at \$171,233,000. This estimate covered Phase I Project elements scheduled for future construction. Excluded from this estimate were the costs of selected sole-use sewage treatment plant improvements which were under construction in August 1976.

June 1978 Estimate. EBDA Phase I Project Costs are monitored continuously by the EBDA staff and consulting engineers. Adjustments in cost estimates are made periodically as warranted based upon construction contract awards and anticipated changes in construction schedules and cost indices.

As of June 1978, the EBDA staff and consulting engineers estimated the cost of the Phase I Project at \$123,264,000 (EBDA Project Update No. 12). This estimate is based on: (1) costs of Phase I Project elements completed as of that date; (2) estimated costs of Phase I Project elements for which construction contracts have been awarded; and (3) estimated costs of Phase I Project elements to be constructed based on current cost estimates plus an allowance for cost escalation at the rate of one percent per month to the projected date of the midpoint of the construction schedule of each element.

The June 1978 estimate of Phase I Project costs (\$123,263,700) is approximately \$48 million less than the August 1976 estimate (\$171,233,000). The EBDA staff reports that the substantial decrease in estimated Phase I Project costs is attributable to the receipt and award of highly competitive construction bids and the use of advanced value engineering and construction management techniques.

Table 4 shows a comparison of August 1976 and June 1978 Phase I Project cost estimates. These data also show that the aggregate cost of elements completed to date (\$5,204,600) plus elements now under construction (\$72,935,200) plus elements for which construction bids have been received but not awarded as of the date of this Official Statement (see Table 4 footnote ③) account for more than 81 percent of Phase I Project estimated total costs (\$123,263,700 as of June 1978).

Federal and State Grants

In California, Federal and State sewerage facility construction grant programs are administered by the State Water Resources Control Board (the Board). EBDA has entered into grant agreements with the Board for all Phase I Project elements. These agreements provide that Federal and State grants will pay an aggregate of 87.5 percent of eligible Phase I Project costs.

Table 4

EBDA PHASE I PROJECT COSTS

Comparison of August 1976 and June 1978 Estimates

	Completed	Scheduled Completion Date	Scheduled Construction Period	Total Estimated Cost (\$1,000's)	
				August 1976 Report	June 1978 EBDA Estimate
COMPLETED ELEMENTS					
Union Sanitary District Dechlorination	1/77			\$ ①	\$ 137.5
Hayward Treatment Plant	2/78			①	1,991.8
San Leandro Treatment Plant	12/77			①	1,439.9
Oro Loma/Castro Valley Improvements . . .	5/78			2,626	1,635.4
Subtotal				\$ 2,626	\$ 5,204.6
ELEMENTS UNDER CONSTRUCTION					
Bay Outfall		10/80		\$ 49,905	\$ 19,691.8
San Leandro Pump Station		8/79		2,982	424.1
San Leandro/Marina Force Main		6/79		2,806	3,554.8
Oro Loma Pump Station		8/79		5,382	4,788.5
Marina/Oro Loma Force Main		9/79		6,557	5,310.1
Oro Loma/Hayward Force Main		10/78		3,092	2,510.3
Hayward Pumping Station		11/78		2,011	448.6
Hayward Alvarado Force Main		5/80		8,487	9,215.3
Alvarado Treatment Plant		2/81		42,768	25,800.4
Alvarado Pump Station		2/81		2,722	1,191.3
Subtotal				\$126,712	\$ 72,935.2
ELEMENTS TO BE CONSTRUCTED					
Control System			1/79-11/79	\$ 2,000	\$ 979.5
Marina Dechlorination			10/78- 4/80	1,867	879.2
San Leandro Treatment and Solids Handling .			4/79- 4/81	4,080	3,126.5
Hayward Sand Filters and Solids Handling .			4/79-10/80	12,671	10,914.4
Newark and Irvington Pump Stations			11/78-12/80	3,605	3,955.5
Newark and Irvington Plant Demolition			6/81-10/81	②	791.5
Newark/Irvington Force Main③			9/78- 9/80	8,553	11,633.4
Alvarado/Newark Force Main③			10/78-10/80	7,927	10,248.6
Subtotal				\$ 40,703	\$ 42,528.6
Land Acquisition				\$ 1,192	①
Administration				⑤	\$ 2,025.2
Reclamation Reuse Study				⑥	\$ 570.1
Grand Total				\$171,233	\$123,263.7

① Under construction prior to the August 1976 Report.

② Costs included in Union Sanitary District Facilities Costs.

③ EBDA has received low construction bids as follows: Newark/Irvington Force Main @ \$11,024,000 and Alvarado/Newark Force Main @ \$8,359,000. These bids are being reviewed by EBDA and State Water Resources Control Board staffs. It is anticipated that approvals to award construction contracts for these elements will be received to permit the start of construction as scheduled.

④ Land acquisition costs included in June 1978 EBDA Estimate.

⑤ Included by allocation to all project elements.

⑥ Element undertaken subsequent to the August 1976 Report.

Sources: Final Supplement to Project Report for the East Bay Dischargers Water Quality Management Program Phase I Project (August 1976). EBDA Phase I Project Update No. 12 (June 1978).

Table 5

EBDA PHASE I PROJECT

Estimated Costs and Sources of Funds (\$1,000s)

	Estimated Total Costs	Sources of Funds							LAVWMA
		Federal Grant	State Grant	Union Sanitary District	City of Hayward	City of San Leandro	Oro Loma Sanitary District	Castro Valley Sanitary District	
Completed Elements									
Union Sanitary District Dechlorination ^①	\$ 137.5	\$ 103.1	\$ 17.2	\$ 17.2					
Hayward Treatment Plant ^①	1,991.8	1,491.2	248.5		\$ 252.1				
San Leandro Treatment Plant ^①	1,439.9	1,029.8	171.6			\$ 238.5			
Oro Loma/Castro Valley Treatment Plant ^①	1,168.9	875.9	146.0				\$ 110.3	\$ 36.7	
Oro Loma/Castro Valley Dechlorination ^①	74.6	56.0	9.3				7.0	2.3	
Oro Loma/Castro Valley Incineration ^①	391.9	293.9	49.0				36.8	12.2	
Elements Under Construction									
Bay Outfall ^②	\$ 19,691.8	14,733.4	2,455.6	418.0	737.7	415.8	431.6	232.4	\$267.3
San Leandro Pump Station ^②	424.1	317.7	52.9	10.0	17.6	10.0	10.3	5.6	
San Leandro/Marina Force Main ^②	3,554.8	2,581.7	430.3	93.0	164.1	92.5	96.0	51.7	45.5
Oro Loma Pumping Station ^②	4,788.5	3,586.6	597.8	113.0	199.4	112.3	116.6	62.8	
Marina/Oro Loma Force Main ^②	5,310.1	3,967.9	661.3	113.5	200.3	112.9	117.2	63.1	73.9
Oro Loma/Hayward Force Main ^②	2,510.3	1,838.7	306.5	68.3	120.5	67.9	70.5	37.9	
Hayward Pumping Station ^②	448.6	336.2	56.0	10.5	18.6	10.5	10.9	5.9	
Hayward/Alvarado Force Main ^②	9,215.3	6,567.0	1,094.5	290.6	512.8	289.0	299.9	161.5	
Alvarado Treatment Plant ^①	25,800.4	18,998.5	3,166.4	3,635.5					
Alvarado Pump Station ^②	1,191.3	892.9	148.8	28.0	49.4	27.8	28.9	15.5	
Elements to Be Constructed									
Control System ^②	\$ 979.5	734.3	122.4	23.0	40.5	22.8	23.7	12.8	
Marina Dechlorination ^②	879.2	659.1	109.9	18.8	33.2	18.7	19.4	10.4	9.7
San Leandro Treatment and Solids Handling ^①	3,126.5	2,344.3	390.7			391.5			
Hayward Sand Filter ^①	7,194.2 ^③	5,395.0	899.2		900.0				
Hayward Solids Handling ^①	3,720.2 ^③	2,789.5	464.9		465.8				
Newark and Irvington Pump Stations ^①	3,955.5	2,965.6	494.3	495.6					
Newark and Irvington Plant Demolition ^①	791.5	593.7	98.9	98.9					
Newark/Irvington Force Main ^①	11,633.4	8,484.4	1,414.1	1,734.9					
Alvarado/Newark Force Main ^①	10,248.6	7,422.3	1,237.0	1,589.3					
Reclamation Reuse Study	570.1	364.9	60.8	47.7	43.3	18.8	26.0	8.6	
Administration	2,025.2	1,354.6	225.8	183.2	98.9	65.3	61.2	32.9	3.3
Subtotal	\$123,263.7	\$90,778.2	\$15,129.7	\$8,989.0	\$3,854.2	\$1,894.3	\$1,466.3	\$752.3	\$399.7
Less: Estimated Investment Income	(402.5)			(197.6)	(97.1)	(49.2)	(38.9)	(19.7)	
Total	\$122,861.2	\$90,778.2	\$15,129.7	\$8,791.4	\$3,757.1	\$1,845.1	\$1,427.4	\$732.6	\$399.7

① Sole-Use Facilities.

② Joint-Use Facilities.

③ Excludes estimated cost of land for sand filter and sludge beds @ \$255,000.

Source: EBDA Phase I Project Update No. 12 (June 1978).

Summary of Costs and Sources of Funds

Table 5 shows details of EBDA Phase I Project costs and sources of funds as estimated by the EBDA staff in June 1978 (Project Update No. 12). Table 5 data pertaining to sources of funds indicate that all Phase I Project elements will qualify for Federal grants equivalent to 75 percent of eligible costs and State grants equivalent to 12.5 percent of eligible costs. The tabulation below shows a summary of aggregate project costs and sources of funds.

EBDA PHASE I PROJECT ESTIMATED COSTS AND SOURCES OF FUNDS

Project Purposes	Estimated Cost
Preliminary Engineering	\$ 1,742,000
Final Design	3,332,000
Construction	114,257,000 ^①
Right of Way	1,338,000 ^②
Reclamation/Reuse Study	570,000
Administration	2,025,000
Totals	\$123,264,000

① Includes construction engineering and inspection, value engineering, surveying, construction contingencies, operation and maintenance manuals, and grant processing fees.

② Grant ineligible.

Sources of Funds	Estimated Amount
Federal Grants	\$ 90,778,000
State Grants	15,130,000
Interest Income	403,000
Union Sanitary District	8,791,000
City of Hayward	3,757,000
City of San Leandro	1,845,000
Oro Loma Sanitary District	1,427,000
Castro Valley Sanitary District	733,000
LAVWMA	400,000
Totals	\$123,264,000

Source: EBDA Phase I Project Update No. 12 (June 1978).

EBDA Financing Plan

Each member agency of EBDA has agreed to: (1) fund its respective share of Phase I Project costs, and (2) furnish its respective share of the moneys necessary to be advanced to enable EBDA to make

timely payment of costs during construction (its "cash flow advance"). The latter requirement is necessary because a period of up to 60 days may lapse from the date monthly construction progress payments are made by EBDA to the date Federal and State grant reimbursement are received.

Construction contracts are awarded by EBDA only upon certification from each member agency of the availability of its share of the cost of the Phase I Project element to be constructed. Funds required by EBDA from its member agencies are billed quarterly in advance beginning in July of each fiscal year and are payable within 30 days of billing.

Cash Flow Advance Requirements

EBDA Project Update No. 12 (June 1978) estimates member agency and LAVWMA cash flow advance requirements to complete the Phase I Project based on projected cost estimates, projected construction schedules, and anticipated levels of Federal and State grant funding shown in Table 5. Member agency and LAVWMA cash flow advance requirements are shown in Table 6.

Union Sanitary District. The District has made cash flow advance payments to EBDA of \$3,635,035 through 1977/78. The District's future maximum cumulative cash flow advance requirement is estimated at \$7,177,000.

The District plans to meet its future maximum cumulative cash flow advance requirement (\$7,177,000) from three sources: (1) moneys reserved in its Construction Fund; (2) connection fees that are anticipated to be collected in 1978/79 and 1979/80; and (3) net proceeds from the sale of the \$4,700,000 principal amount of District Sewer Revenue Bonds, Series A, that are presently being offered for sale. Details of the District's plan to pay its estimated EBDA future maximum cumulative cash flow advance requirement are presented beginning on page 28 of this Official Statement under the section entitled "District Phase I Project Financing Plan".

City of Hayward. The City has heretofore made cash flow advance payments to EBDA of \$2,732,000 through fiscal 1977/78. The City's future maximum cumulative cash flow advance requirement is estimated at \$2,502,000. In addition, the City will be required to acquire land for sand filter and solids handling facilities to be constructed starting in October 1978. The estimated cost of land acquisition for these facilities is \$255,000.

Table 6

**EBDA MEMBER AGENCY AND LAVWMA ESTIMATED
FUTURE ANNUAL CASH FLOW ADVANCE REQUIREMENTS**

	Cash Flow Advance Payments to EBDA Through June 1978	Estimated Future Cash Flow Advance Requirements			Estimated Future Maximum Cumulative Cash Flow Advance Requirements
		1978/79	1979/80	1980/81	
Union Sanitary District ..	\$3,635,000	\$5,286,000	\$1,891,000	\$(2,021,000)	\$7,177,000
City of Hayward	2,732,000	1,459,000	1,043,000	(1,477,000)	2,502,000 ^①
City of San Leandro	1,627,000	631,000	224,000	(637,000)	855,000
Castro Valley Sanitary District	790,000	133,000	31,000	(221,000)	164,000
Oro Loma Sanitary District	1,565,000	218,000	50,000	(406,000)	268,000
LAVWMA	—	200,000	200,000	—	400,000

① Excludes land acquisition costs for sand filter and sludge handling facilities estimated at \$255,000.

Source: EBDA Phase I Project Update No. 12 (June 1978).

On November 2, 1976, voters of the City authorized \$7,400,000 of sewer revenue bonds. On January 17, 1978, the City sold \$4,300,000 of authorized Sewer Revenue Bonds, Series A to meet a portion of its EBDA future cash flow advance requirements. As of July 1, 1978 the City had \$2,306,371 of Sewer Revenue Bonds, Series A bond proceeds available to meet its EBDA future cash flow advance requirements (\$2,502,000). The presently estimated \$196,000 of additional funds that may be needed to meet the City's cash flow advance requirements will be met from other available City funds, or a portion of the proceeds from the sale of a future series of authorized Sewer Revenue Bonds.

City of San Leandro. The City has heretofore made cash flow advance payments to EBDA of \$1,627,000 through fiscal year 1977/78. The City's future maximum cumulative cash flow advance requirement is estimated at \$855,000. The City Council has budgeted the balance of the City's future maximum cumulative cash flow advance requirements in the City's 1978/79 budget.

Castro Valley Sanitary District. The District has heretofore made cash flow advance payments to EBDA of \$790,000 through fiscal year 1977/78. The District's future maximum cumulative cash flow advance requirement is estimated at \$164,000. The District intends to meet its future cash flow advance

requirement from available reserves which totaled \$2,145,682.17 as of July 31, 1978.

Oro Loma Sanitary District. The District has heretofore made cash flow advance payments to EBDA of \$1,565,000 through fiscal year 1977/78. The District's future maximum cumulative cash flow advance requirement is estimated at \$268,000. The District intends to meet its future cumulative cash flow advance requirement from available Construction Fund reserves which totaled \$2,281,700 as of July 1, 1978.

LAVWMA. The Livermore-Amador Valley Water Management Agency's cash flow advance requirement is estimated at \$400,000. On February 22, 1978, LAVWMA issued \$4,200,000 of 1978 Sewer Revenue Bonds to fund its share of the wastewater export pipeline project now under construction and reserve approximately \$400,000 for its EBDA cash flow advance requirements.

Phase I Project Annual Revenue Requirements

It is anticipated that Phase I Project joint-use facilities will be operational by October 1980. EBDA's annual revenue requirements for joint-use facilities will be met by assessments to member agencies and LAVWMA. Annual revenue requirements

for sole-use facilities will be met by the respective EBDA member agencies.

Table 7 shows EBDA's estimated annual revenue requirements during 1980/81, the first year of operating and maintaining Phase I Project joint-use facilities. This estimate is based on Phase I Project costs as estimated in June 1978 and EBDA revenue program data submitted to the State Water Resources Control Board in February 1977 as a condition for qualifying Phase I Project elements for Federal and State grants.

EBDA's estimated annual revenue requirements will consist of three elements: (1) operation and maintenance costs, (2) allowances for replacement of treatment and pumping facilities which will have to be replaced during the useful life of these facilities, and (3) Industrial Cost Recovery (ICR).

Operation and Maintenance Costs. The EBDA staff estimates the cost of operation and maintenance for joint-use facilities at \$637,700.

Replacement. Revenue requirements for replacement are estimated at \$115,975, or 1.5 percent of the estimated cost of joint-use treatment and pumping plant facilities.

Industrial Cost Recovery. Section 204(b)(1) of the Federal Water Pollution Control Act as amended

provides that the EPA Administrator shall not approve any grant for any treatment works after March 1, 1973 unless the applicant has made provision for the repayment by industrial users of that portion of Federal grant funds used for the construction of facilities that serve industrial users. The recovery of that portion of Federal grant funds allocable to industrial users is called Industrial Cost Recovery (ICR). The industrial cost recovery period must be equal to 30 years or the useful life of the facilities, whichever is less.

ICR regulations provide that 50 percent of the ICR revenue recovered annually from industrial users shall be returned to the Federal Treasury; 40 percent shall be used for future EPA-approved projects to expand, upgrade, or reconstruct treatment works; and 10 percent may be used at the discretion of the grantee, including paying costs of administering the ICR system. The grantee may not use discretionary ICR funds to construct industrial wastewater pretreatment facilities or make rebates to industrial users for costs incurred in complying with ICR requirements.

Federal requirements for local agencies to collect ICR charges have been suspended under present regulations. It is possible that these requirements may be reinstated in the future.

Table 7

EBDA ESTIMATED ANNUAL REVENUE REQUIREMENTS FOR PHASE I PROJECT JOINT-USE FACILITIES AND MEMBER AGENCY ALLOCATIONS 1980/81

Purpose	Estimated Revenue Requirement	Allocation to Member Agencies					
		City of Hayward	City of San Leandro	Union Sanitary District	Oro Loma Sanitary District	Castro Valley Sanitary District	LAVWMA
Operation and Maintenance	\$ 637,700	\$149,560	\$ 84,113	\$171,684	\$120,927	\$65,092	\$46,324
Replacement	115,975	37,812	21,316	21,433	22,116	11,923	1,375
Industrial Cost Recovery .	312,100	176,940	97,300	26,862	10,998	—	—
Totals	\$1,065,575	\$364,312	\$202,729	\$219,979	\$154,041	\$77,015	\$47,699

Source: EBDA Phase I Project Update No. 12 (June 1978) and revenue program data submitted by EBDA to the State Water Resources Control Board in conjunction with its revenue program.

THE ENTERPRISE

District Formation

The Union Sanitary District was established in 1918 and subsequently reorganized in 1923. The District operates pursuant to Division VI of the Health and Safety Code of the State of California (Sanitary District Act of 1923 as amended). As provided by the Sanitary District Act of 1923, the District is empowered to own and operate sewerage facilities and the Board of Directors may prescribe, revise, and collect fees or charges for services and facilities by the District in connection with its sewerage system.

Board of Directors

The District is governed by a five-member Board of Directors who are elected at-large for four-year overlapping terms. The tenure of the Directors and District staff has generally been long thereby enabling the District to maintain continuity of policy and successfully undertake long-range sewerage system development programs. Brief resumes of the District's Board of Directors are presented below.

Conrad E. Anderson, M.D., President. Dr. Anderson has served on the District's Board of Directors continuously since 1956. He has served as President since 1969. Dr. Anderson recorded his M.D. degree from the University of Iowa in 1951 and has been a practicing physician-surgeon in Fremont since 1952. He is a past President of the Alameda-Contra Costa County Medical Association and has also served as Chief of Staff and Chief of the Family Practice Department of Washington Hospital in Fremont.

Darwin D. Buffington, Vice President. Mr. Buffington has served on the Board of Directors since 1972. He is President of Buffington & Associates Inc. (plumbing manufacturers representatives), a privately held corporation established in 1973. From 1965 to 1973, Mr. Buffington was National Sales Manager of National Steel Construction Co.

Byron R. Tomlinson, Secretary. Mr. Tomlinson has served on the Board of Directors since 1976. He has had more than 35 years of professional civil engineering experience with the Alameda County Flood Control and Water Conservation District, the Soil Conservation Service of the U.S. Department of Agriculture, and the Southern Pacific Transportation Company. He holds B.S. and M.S. degrees in Civil Engineering from Utah State University and the University of Wyoming, respectively. Mr. Tomlinson is presently employed as a resident engineer with the firm of Bissell & Karn, Inc.

Raymond A. Boege, Director. Mr. Boege was elected to the Board of Directors in 1976 and is a Commissioner of EBDA. He previously served the District as General Manager and Chief Engineer from 1957 to 1975. Prior to his service with the District he held the positions of Executive Director and Consultant to the State of California Senate Interim Committee on Public Works and City Manager-City Engineer of San Rafael. Mr. Boege holds a B.S. degree in Civil Engineering from the University of California, Berkeley. He is a past President of the California Association of Sanitation Agencies, the Alameda County Sewerage Advisory Committee, and the South Bay Engineers Club.

Edward G. Weiss, Director. Mr. Weiss has served on the Board of Directors continuously since 1965. Prior to his retirement in 1970, Mr. Weiss was Plant Manager of the Berkeley and Fremont plants (400-500 employees) of the Trailmobile Division of Pullman Inc. for twenty years. Mr. Weiss served as a Commissioner of EBDA from 1974 to 1978. He has also served as a Commissioner of the City of Fremont Civil Service Board for twelve years.

Service Area

Since its formation, the District's service area has grown through extensive annexations and consolidations. The Niles, Decoto, and Irvington Sanitary Districts were consolidated with Union Sanitary District in 1949, 1954, and 1956, respectively. In 1962, the City of Union City, which had been previously served by the Alvarado Sanitary District, annexed to the District.

The District's present service area covers approximately 45 square miles and includes the developed portions of the Cities of Fremont and Newark,

Union City, and adjacent unincorporated areas of Alameda County. The Alameda County Local Agency Formation Commission has formally designated the District's sphere of influence to include the corporate limits of the Cities of Fremont, Newark, and Union City.

Development within the District's service area is predominantly residential in character and includes substantial commercial and industrial uses. The tabulation below shows the number of new dwelling units added within the District's service area over the period 1970 through 1977. The population of the District's service area is estimated by the District's staff at more than 185,000.

UNION SANITARY DISTRICT
Annual Dwelling Unit Additions

1970	.....	3,334	1974	.....	1,310
1971	.....	5,774	1975	.....	1,533
1972	.....	4,382	1976	.....	1,867
1973	.....	1,783	1977	.....	2,306

Source: District staff.

The District's staff reports that as of July 1, 1978, there were 62,679 units served by the District. The distribution of these service units by type of unit is shown in Table 8.

Table 8
UNION SANITARY DISTRICT
Distribution of Service Units

Type of Unit	Number
Residential	
Single Family	44,009
Apartments	9,822
Multiple Family	1,596
Mobile Home	1,613
Condominium/ Townhouse	4,209
Subtotal	61,249
Commercial	917
Industrial	267
Public/ Institutional	246
Total	62,679

Source: District staff.

District Staff

The District's affairs are managed by the General Manager/District Engineer in accordance with policies established by the Board of Directors. Mr. Nathaniel Daniels, a licensed Professional Engineer was appointed General Manager/District Engineer in 1975. He previously held the position of Assistant District Engineer from 1957 to 1975.

Mr. Daniels received his B.S. degree in Civil Engineering from the University of California, Berkeley. He is a past President of the South Alameda Chapter of the California Society of Professional Engineers and the South Bay Engineers Club. His professional organization memberships include the American Public Works Association, the Water Pollution Control Federation, the California Water Pollution Control Association, and the California Association of Sanitation Agencies.

Mr. Marvin G. Haun, Attorney, was appointed to his position by the Board of Directors in 1968. He is a member and partner in the law firm of Quaresma, Avera, Benya, Hall & Haun, Fremont, since 1966 specializing in sanitation, planning, condemnation, real estate, and hospital matters. He holds a LL.D. degree from the Hastings College of Law and has served as: Deputy County Counsel, Santa Clara County; Hearing Officer Alameda County Civil Service Commission. Mr. Haun's professional memberships include the California and Alameda County Bar Associations, the California Association of Sanitation Agencies, and the American Society of Hospital Attorneys.

Fred F. Turnier, Assistant Manager/Administration, was appointed to his position in 1976. He serves as department head for District accounting, purchasing, personnel, and central services functions. Mr. Turnier, a candidate for a Masters Degree in Public Administration at California State University, Hayward, had 10 years of public management and engineering experience with the City of Milpitas and San Lorenzo Village prior to joining the District's staff.

Russell E. Bush, Assistant Manager/Engineering was appointed to his position in 1970. His responsibilities include direction of engineering design activities, preparation of technical and advanced planning reports, review of developer improvement plans, maintenance of District maps and records, and supervision of construction inspectors. Mr. Bush also administers the District's Wastewater Source Control

Program to all industrial and commercial users. He is a licensed Professional Engineer who has had 28 years of professional public works engineering experience. Mr. Bush holds a B.S. degree in Civil Engineering from Montana State University.

The District employs 77 personnel in its operating, engineering, and administration divisions. Non-supervisory employees of the District are represented by Local 390 Service Employees International Union. Currently, approximately 45 employees are members of this organization. The local Employees' Association and an unclassified group composed of management personnel represent the balance of employee interests. Contracts covering all three groups expire in July, 1979. The District Staff reports that employer/employee relations have been good. The District has not experienced any interruptions in operations because of employer/employee disputes.

Existing Sewage Collection Facilities

The District's service area has separate sewage and storm water collection systems. The District's sewage collection system consists of approximately 540 miles of vitrified clay and reinforced concrete pipe ranging from 8- to 48-inches in diameter with the most common size being 8-inch diameter vitrified clay pipe. Approximately 70 percent of the sewage collection system has been constructed since 1957. The District staff reports that minimal problems with root intrusion, silting, solids deposits, and grease buildup are controlled by the District's Wastewater Source Control Program and collection system maintenance program. The entire system is cleaned every 18 months by balling, hydrojetting, or use of a sewer scooter. No substantial problems of excessive stormwater or groundwater infiltration have been experienced in the system.

Existing Sewage Treatment Facilities

The District operates three sewage treatment plants which are designated as: Newark; Irvington; and Alvarado. The combined flow of wastewater to the District's three sewage treatment plants is presently 15.48 million gallons per day (mgd).

The Newark plant utilizes high-rate activated sludge for partial secondary treatment and has a nominal design capacity of 7 mgd. Present average daily flow is approximately 5.78 mgd and biochemical oxygen demand (BOD) and suspended solids (SS) removals average 65 and 77 percent, respectively.

Treated effluent from the plant is disposed of, after disinfection, to Newark Slough, which is tributary to San Francisco Bay.

The Irvington plant utilizes a high-rate biofilter for partial secondary treatment and has a reported nominal design capacity of 10.5 mgd. Present average daily flow is approximately 6.03 mgd and BOD and SS removals average 85 and 97 percent, respectively. Treated effluent from the plant is disposed of after disinfection, to Mud Slough for discharge into San Francisco Bay.

The Alvarado plant utilizes high-rate activated sludge for partial secondary treatment and has a nominal design capacity of 4.5 mgd. Present average daily flow is approximately 3.67 mgd and BOD and SS removals average 88 and 93 percent, respectively. Disposal of effluent from this plant is to Alameda Creek at a point approximately three miles upstream from its confluence with San Francisco Bay.

The District's existing sewage treatment plants and processes are outmoded and their points of discharge are in locations which are not acceptable for meeting water quality standards established for San Francisco Bay by State and Regional Water Quality Control Boards.

The EBDA Phase I Project provides for the construction of force mains to convey sewage from areas served by the existing Newark and Irvington plants to a nominal design 20 mgd secondary treatment plant now under construction at Alvarado. These new facilities are designed to enable the District to meet all Federal and State requirements for the treatment, conveyance, and disposal of the District's wastewater. Upon completion of these Phase I Project elements the District's existing Newark and Irvington plants will be closed and demolished.

Capacity of New Sewage Treatment Facilities

The 20 mgd Alvarado sewage treatment plant now being constructed is of modular design to facilitate future additions as may be required. The plant site, control building, conveyance lines to the plant, pumping stations, and mechanical equipment buildings are sized to meet additional future requirements.

The District presently serves a population in excess of 185,000. The District's staff estimates that the new Alvarado plant will have the capacity to serve a population of between 230,000 and 240,000. Based on current and anticipated developments within the District, and current users' discharges and

wastewater constituent loadings, the District's staff estimates the new Alvarado plant will meet the District's sewage treatment needs to 1984.

The District has applied to the State Water Resources Control Board for approval of a future project to expand the new Alvarado plant to a nominal design of 30 mgd. Design work for this project is scheduled to begin in 1980. The District intends to meet costs of the proposed expansion project with proceeds of future connection fees, EBDA cash flow advance reimbursements, and proceeds from the sale of authorized unissued Sewer Revenue Bonds.

Sewer Service Charges

Prior to 1974/75 the District relied on ad valorem property taxes to meet the major portion of its annual revenue requirements. Remaining annual revenue requirements were met from a variety of District fees and interest income.

To qualify for Federal and State grant assistance for the construction of EBDA Phase I Project facilities, the District adopted in 1974/75 a system of user charges calculated in accordance with Federal and State Revenue Program Guidelines For Wastewater Agencies. These Guidelines are designed to assist local agencies in establishing sewer service charges to users on the basis of the demands placed upon the sewerage system by their respective wastewater discharges.

Ordinance No. 31 of the Union Sanitary District provides for the establishment of sewer service charges, collection procedures, penalties for delinquency and use of funds.

General Policy. The purpose of the sewer service charge is to raise revenue for: the cost of maintenance and operation of sewerage facilities used for the collection, treatment, and disposal of sewage from residential, commercial, institutional, and industrial users within the District; payment of principal and interest on bonds; and capital recovery costs in accordance with Federal and State Revenue Program Guidelines.

Collection of Charges on Tax Roll. Pursuant to provisions of Division 5, Part 3, Chapter 6, Article 4 of the California Health and Safety Code, the District elected, as an alternative procedure, to have all sewer service charges for each year, commencing with fiscal year 1974/75, collected on the tax roll.

On or before July 20 of each year the District's manager is directed to prepare and file with the

District Secretary a written report containing a description of each parcel and the amount of the sewer service charge for the forthcoming fiscal year. Following the publication of notice of the filing of the report and the time, date, and place of public hearing, the Board of Directors shall hear and consider all objections or protests to the report. Upon conclusion of the hearing, the Board of Directors may adopt, revise, change, reduce, or modify any charge or overrule any and all objections and shall make its determination upon each charge, which determination shall be final. A copy of the report adopted by the Board of Directors must be filed with the Auditor of Alameda County on or before August 10 of each year.

The District's sewer service charge constitutes a lien, as of the lien date for general property taxes, on the lot or parcel of land against which the charge has been imposed. All laws applicable to the levy, collection, and enforcement of general property taxes are applicable to the District's sewer service charge, including those pertaining to delinquency, correction, cancellation, refund, and redemption.

The Tax Collector of Alameda County includes the amount of the sewer service charge on bills for taxes levied against the respective lots and parcels of land. The first and second installments due on November 1 and February 1 of each year, respectively become delinquent if not paid by December 10 and April 10 of each year, respectively.

With respect to those properties that are not subject to taxation, Ordinance No. 31.4 provides that the District shall mail to the owner of the parcel a sewer service charge bill which shall become due and payable on January 1 of each year, and which shall be delinquent if not paid by February 15 of each year.

Enforcement. If sewer service charges are not collected on the tax roll, then in the event of the failure of any owner to pay any sewer service charge when due, applicable to a parcel owned by him, the District may enforce payments of such delinquent charges in any of the following manners:

(a) The District may have the parcel disconnected from the sanitary sewer system. In the event the disconnection should create a public hazard or nuisance, the manager or his representatives may enter upon the parcel for the purpose of doing such things as may be reasonably necessary to alleviate or remove the hazard or

menace. The owner of the parcel shall have a duty to reimburse the District for all expenses incurred by District in disconnecting any such parcel, or in doing other things authorized by this Section; and no reconnection shall be made until all charges are paid.

(b) During the period of non-connection or disconnection, habitation of the parcel by human beings may constitute a public nuisance. The Board may cause proceedings to be brought for the abatement of the occupancy of the parcel by the human beings. In such event, and as a condition of connection or reconnection, there shall be paid to the District reasonable attorney's fees and costs of suits arising in such action.

(c) The District may institute action in any court of competent jurisdiction to collect any charges, penalties and interest which may be due and payable in the same manner as any other debts owing to the District may be collected, in which event the District shall have judgment for the costs of suit and reasonable attorney's fees.

(d) Any and all delinquent payments may be placed on the tax roll, and collected with the property taxes, as provided in this Ordinance (No. 31).

(e) Such other action may be taken as may be authorized by law and the District Board.

Sewer Service Charge Rates

Section 5.03 of Ordinance No. 32 establishes the following basis for the determination of the District's sewer service charges:

Section 5.03. Basis for Determination of Charges. Charges and fees are based upon a minimum basic charge computed on the basis of wastewater from a "dwelling unit" (as defined in Ordinance 31) with the following characteristics:

BOD—250 milligrams per liter

COD—500 milligrams per liter

Suspended Solids—200 milligrams per liter

Oil and Grease—40 milligrams per liter

Volume—Approximately 230 gallons per day per dwelling unit (Exact value determined annually from actual flow computations)

The charge and fee for a classification of use other than the basic "dwelling unit" is based upon the relative difference between the average wastewater constituents and characteristics of that classification of use and those of a "dwelling unit". The consti-

tuent and characteristics of the wastewater discharge may include, but not be limited to, BOD, COD, SS, oil and grease, chlorine demand and volume.

Residential Users. The following residential establishments are assigned the following number of dwelling units:

(a) Single family residential dwelling, mobile home, designed for occupancy by one family: one dwelling unit.

(b) Duplex, triplex, fourplex, townhouse or condominium, apartment house, mobile home park or other multi-residential establishment, designed for occupancy for living purposes by more than one family, which is divided into separate housekeeping units, each of which is designed for occupancy by one family only: each housekeeping unit shall be deemed to be one dwelling unit.

Commercial/Institutional Users. Commercial or institutional uses include any parcel or portion thereof discharging domestic sewage and shall include the following: (a) parcels used for commercial or business purposes; (b) hotel, auto court, motel and similar transient living facilities; and (c) schools, churches, hospitals, convalescent homes, parks, public office and service buildings, public transportation facilities, or other types of public facilities or publicly owned facilities available for public use.

Industrial Users. Industrial uses include any parcel or portion thereof used for manufacturing, processing or other operations which discharge non-domestic sewage by reason of manufacturing, processing, or other operations. Below are shown 1978/79 sewer service charges for the District's ten largest industrial users.

Industry	1978-79 Sewer Service Charge
General Motors	\$155,675.61
Inland Container	124,405.12
Borden Chemical	33,327.56
Valley Industrial Service	31,982.26
Kaiser Aluminum	23,769.27
S.F. Bay Brands	14,686.67
California Home Brands	12,209.82
St. Regis Paper Co.	11,736.25
H. B. Fuller	11,299.57
Griffith Labs	11,218.27

Table 9 shows sewer service charge rates adopted by the District for the years 1974/75 through

1978/79 in conformance with Federal and State Revenue Program Guidelines.

Table 9

UNION SANITARY DISTRICT
Sewer Service Charge Rates

Classification of Use	1974/75	1975/76	1976/77	1977/78	1978/79
Residential Dwelling Unit per year	\$27.54	\$26.96	\$26.96	\$27.86	\$38.06
Commercial/Institutional					
Per 1,000 gallons discharge per year	\$ 0.32	\$ 0.34	\$ 0.34	\$ 0.36	\$ 0.58
Minimum annual charge	\$27.54	\$26.96	\$26.96	\$27.96	\$38.06
Industrial					
Per 1,000 gallons discharged per year, or	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.19	\$ 0.36
Minimum annual volume charge, plus	\$27.54	\$26.96	\$26.96	\$27.86	\$38.06
Per 1,000 pounds per year Chemical Oxygen Demand (COD), plus	\$19.20	\$23.42	\$23.42	\$20.13	\$26.56
Per 1,000 pounds per year Suspended Solids (SS)	\$35.00	\$44.77	\$44.77	\$49.36	\$66.75

Historical General Fund Cash Receipts, Expenditures and Cash Balances

The following discussion of significant accounting policies appears in Note 1 of the District's "Financial Statement—June 30, 1978" prepared by Carl W. Flegel & Company, Certified Public Accountants.

The District utilizes the "Uniform System of Accounting for Waste Disposal Districts" as developed by the State Controller's Office (Division of Local Government Fiscal Affairs).

a. Revenues and Expenditures

Revenues and expenditures are recorded on an accrual basis except that revenues from property taxes are recorded when received.

b. Property, Plant and Equipment

Property, plant and equipment are recorded at cost. For assets acquired prior to June 30, 1971, depreciation is computed using the "optional depreciation method" according to the "Uniform System of Accounting for Waste Disposal Districts". For assets purchased after June 30, 1971, depreciation is computed using the straight-line method.

c. Vacation and Sick Leave

The District records vacation and sick leave when it is taken. The accumulated liabilities as

of June 30, 1978, computed using the pay rates in effect June 30, 1978 are:

Sick leave	\$376,913
Vacation leave	108,556
	<u>\$485,469</u>

Vacation leave can only be accumulated up to the current year's provision plus 15 days. There is no limit on the accumulation of sick leave. Sick leave payments are limited as follows:

Cause	Amount of Payment
Sickness	100%
Normal retirement, retirement due to work incurred disability or layoff due to a reduction in the work force	50%
Discharge or voluntary termination	None

d. Pension Costs

The District's pension plan for all regular employees is covered through membership in the California Public Employees Retirement System. The total pension contribution expense for the fiscal year ended June 30, 1978 was \$155,559. The contribution includes a charge for prior service costs which are being amortized over the period ending June 30, 2000.

Table 10 shows a history of District General Fund Cash Receipts, Disbursements, and Cash Bal-

ances prepared by the Carl W. Flegal & Company, Certified Public Accountants.

Table 10

UNION SANITARY DISTRICT

General Fund

**Statement of Cash Receipts and Disbursements for the
Fiscal Years Ended June 30, 1974 Through June 30, 1978**

	Fiscal Year Ended June 30,				
	1974	1975	1976	1977	1978
CASH, beginning balance	\$ 817,341	\$ 853,669	\$1,335,953	\$1,378,688	\$1,605,108
REVENUES					
Sewer service charges	\$ —	\$1,825,914	\$2,015,736	\$2,112,508	\$2,340,503
Property taxes	1,049,527	139,724	—	—	—
Transfer from Construction Fund	—	201,323	—	—	—
Other	350,621	183,326	142,111	328,023	503,464
	1,400,148	2,350,287	2,157,847	2,440,531	2,843,967
TOTAL AVAILABLE	<u>2,217,489</u>	<u>3,203,956</u>	<u>3,493,800</u>	<u>3,819,219</u>	<u>4,449,075</u>
EXPENDITURES					
Maintenance	\$1,343,614	\$1,509,386	\$1,828,947	\$2,090,540	\$2,466,326
Equipment	20,206	32,839	84,842	123,571	89,160
General obligation bonds	—	325,778	—	—	—
Transfer to Construction Fund	—	—	201,323	—	—
Total expenditures	<u>\$1,363,820</u>	<u>\$1,868,003</u>	<u>\$2,115,112</u>	<u>\$2,214,111</u>	<u>\$2,555,486</u>
CASH, ending balance	<u>\$ 853,669</u>	<u>\$1,335,953</u>	<u>\$1,378,688</u>	<u>\$1,605,108</u>	<u>\$1,893,589</u>

Sewer Connection Fees

On the basis of capital facility financing studies completed in May 1973, during the early planning stages of the EBDA Phase I Project, the Board of Directors adopted the policy of reserving a portion of sewer connection fee revenue to help meet Phase I Project costs.

Sewer connection fees are deposited into and disbursed from the District's Construction Fund. As previously stated in the section of this Official Statement entitled "Cash Flow Advance Requirements" on page 15, the District has used \$3,635,035 of Construction Fund moneys to pay EBDA Phase I Project cash flow advance requirements through June 30, 1978 (fiscal year 1977/78).

The tabulation below shows a history of the District's sewer connection fee rates per dwelling unit.

UNION SANITARY DISTRICT

Sewer Connection Fees

Year	Fee Per Dwelling Unit Equivalent
1974/75	\$385
1975/76	520
1976/77	583
1977/78	670
1978/79	755

Sewer connection fees for various commercial and industrial users are based upon the nature of the use and anticipated demands placed upon District sewerage facilities in proportion to that of a typical dwelling unit. The sewer connection fee is reviewed annually and adjusted to compensate for changes in sewerage facility construction cost indices during the prior year.

Ordinance 29.10, adopted on April 24, 1978, establishes the District's sewer connection fee at the

rate of \$755 per dwelling unit, effective July 1, 1978. Section 7 of Ordinance 29.10 provides that connection charges shall be deposited in either the Construction Fund or the District's 1959 Sewer Bonds (general obligations) Bond Interest and Redemption Fund.

Table 11 shows a five-year history of Construction Fund revenues, expenditures, and Fund balances.

Table 11
UNION SANITARY DISTRICT
Construction Fund
Revenues, Expenditures, and Fund Balances

	1973/74	1974/75	1975/76	1976/77	1977/78
Beginning Balance					
Cash—Commercial Account	\$ 202,449	\$ 158,655	\$ 268,314	\$ 372,693	\$ 203,254
Time Deposits	1,359,000	2,125,000	2,075,000	2,450,000	3,995,932
Accounts Receivable	31,377	435,438	409,283	100,636	52,525
Due from Other Funds	—	3,850	201,323	2,646	9,854
Due to Other Funds	—	—	(770)	(55)	(1,605)
Construction in Progress	—	—	306,330	426,366	3,750
Total	\$1,592,826	\$2,722,943	\$3,259,480	\$3,352,286	\$4,263,710
Revenues					
Connection Fees	\$1,008,081	\$ 453,895	\$ 617,926	\$1,465,704	\$2,080,379
Interest	193,208	189,100	136,441	213,666	239,796
Other	29,961	18,742	29,518	61,591	8,680
Total	\$1,231,250	\$ 661,737	\$ 783,885	\$1,740,961	\$2,328,855
Expenditures					
Construction Projects	\$ 104,983	\$ 431,530 ^①	\$ 735,324 ^②	\$ 68,869	\$ 422,217 ^③
Purchase of Land	—	—	70,376	—	—
East Bay Dischargers Authority	—	—	—	338,053	2,503,188
Total	\$ 104,983	\$ 431,530	\$ 805,700	\$ 406,922	\$2,925,405
Ending Balance					
Cash—Commercial Account	\$ 158,655	\$ 268,314	\$ 372,693	\$ 203,254	\$ 100
Time Deposits, Savings Accounts and Invested Funds	2,125,000	2,075,000	2,450,000	3,995,932	3,576,044
Accounts and Interest Receivable	435,438	409,283	100,636	52,525	83,154
Due from Other Funds	3,850	201,323	2,646	9,854	4,112
Due to Other Funds	—	(770)	(55)	(1,605)	—
Construction in Progress	—	306,330	426,366	3,750	5,666
Total	\$2,722,943	\$3,259,480	\$3,352,286	\$4,263,710	\$3,669,076

① Includes \$58,985 for purchase of land for EBDA Phase I Project.

② Includes \$569,076 paid to EBDA for cash flow advance requirements.

③ Includes \$246,066 for purchase of land for EBDA Phase I Project.

Insurance Coverage

Cardoza & Bichard Inc. Insurance Brokers, Fremont reports the following major types of insurance coverage carried by the District as of January 1, 1978 for the year ending December 31, 1978.

On October 1, 1978 the District will obtain fidelity insurance on all officers and employees han-

dling or responsible for Revenues or funds of the Enterprise in an amount equal to \$250,000. Section 6.07 of Resolution No. 1424 provides that such insurance shall be in an amount equal to at least one-half maximum annual debt service on all outstanding Bonds.

Description of Coverage	Amount or Limit	Deductible
Fire, Extended Coverage, and Vandalism (replacement costs of all property) ..	\$5,000,000	\$100
General Liability		
Bodily Injury	\$1,000/\$1,000,000	
Property Damage	\$100/\$100,000	
Auto Liability		
Bodily Injury	\$500/\$1,000,000	
Property Damage	\$100,000	
Umbrella Liability Excess of General and Auto Liability and \$10,000 Retention	\$2,000,000	
Excess Liability in addition to Umbrella Liability	\$3,000,000	
Difference-in-Conditions All Risk Includ- ing Earthquake and Flood	\$5,750,000 ^①	Earthquake and Flood: 5 percent all property; \$25,000 sewer mains; and \$5,000 all other perils
Faithful Performance Bond	\$25,000	
Depositors Forgery	\$50,000	

① \$5,000,000 All Property plus \$750,000 Sewer Mains.

District Employee Retirement Program

The District's employees are members of the State of California Public Employees Retirement System (PERS), and contributions of employees and the District are paid to this state agency. The District contribution in the year 1976/77 was \$141,136, which includes a charge for prior service costs being amortized over a period ending June 30, 2000. The 1977/78 District contribution was \$155,559. As of July 1, 1978, the District's contribution rate will be 11.897 percent of payroll, compared with 11.107 percent in 1977/78.

The state retirement system was originally established in 1931. As of June 30, 1977, there were 556,759 members, of whom approximately 10 per-

cent are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 979 contracts for 2,078 public agency employers (cities, counties, school districts, special districts, and other public agencies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1977 were \$8,951,294,831, according to the annual audit. Of this amount, net assets of \$8,755,875,035 were available for benefits. The annual contribution by employers for the 1976/77 fiscal year was \$718,363,062. The annual contribution by employees for the 1976/77 fiscal year was \$312,725,614.

The most recent actuarial valuation, performed by PERS, utilized census data as of June 30, 1976. The total unfunded obligation of the System was determined to be \$6,868,665. The method used was entry age normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members.

Except for the pooling of certain public agency miscellaneous members, actuarial evaluations are performed for each participating employer, and the total accrued actuarial liability noted above is the

sum of the individual employer accounts. A program for implementation of necessary contribution rate increases has been established, calling for a series of annual increases until appropriate employer rates are achieved on or before July 1, 1979.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years. This function is now the responsibility of Management Applied Programming, Inc., Los Angeles.

Fund Balances

District fund balances as of June 30 for each of the past six years are shown in Table 12.

Table 12

UNION SANITARY DISTRICT

Statement of Fund Balances

Fiscal Years Ended June 30

Fund	1973	1974	1975	1976	1977	1978
General Fund	\$3,521,803	\$3,627,341	\$3,937,486	\$4,841,899	\$4,846,244	\$5,564,955
Unrestricted Amount Available .	1,013,418	1,132,417	1,141,201	1,404,874	1,639,599	1,835,299
Construction Fund	1,592,826	2,722,943	3,259,480	3,352,286	4,263,710	3,669,076①
Debt Service Fund	226,955	210,707	179,123	181,679	178,882	182,866
Trust Fund	593	1,255	45	29	—	—

① Unrestricted amount available, \$3,663,410.

Source: District audit reports for individual years.

DISTRICT PHASE I PROJECT FINANCING PLAN

In August 1976 the District was advised that its EBDA Phase I Project cumulative cash flow advance requirements over the three-year period 1977/78 through 1979/80 would approximate \$14 million. At its meeting of August 13, 1976, the Board of Directors adopted the District's plan to meet these requirements through a combination of: (1) proceeds from the sale of \$10.8 million of sewer revenue bonds to be authorized by District voters at the November 2, 1976 election; (2) Construction Fund moneys which were not encumbered at that time; and (3) connection fee revenue to be collected by the District and deposited into the Construction Fund during the Phase I Project construction period. As previously discussed, District voters authorized \$10.8 million of District sewer revenue bonds at the November 2, 1976 election.

Financing Plan Implementation

From the inception of the Phase I Project through June 30, 1978, the District has paid EBDA cumulative cash flow advance requirements of \$3,635,035 from available moneys in the District's Construction Fund.

As of July 1, 1978 the District's estimated future cumulative cash flow advance requirements for the Phase I Project total \$7,177,000 as shown in Table 6 on page 16. The District will meet these requirements from three sources of funds as discussed below.

Available Construction Funds. As of July 1, 1978, the available balance in the District's Construction Fund totaled \$3,663,410 as shown in Table 12. The Board of Directors, by minute order, at its meeting of August 28, 1978 reserved \$1,400,000 of available Construction Fund moneys to meet EBDA future cash flow advance requirements. The District intends to reserve the balance of presently available Construction Fund moneys for

the construction of a new District administration center in 1979 and local sewage collection facilities.

Bond Proceeds. It is anticipated that net proceeds from the sale of the \$4,700,000 principal amount of the District's Sewer Revenue Bonds, Series A, will approximate \$4,185,000 as shown in the tabulation below.

UNION SANITARY DISTRICT

Sewer Revenue Bonds, Series A

Disposition of Bond Proceeds

Principal Amount of Issue	\$4,700,000
Less: Transfer to Bond Reserve Account	438,925①
Costs of Issuance	76,000
Net Bond Proceeds	\$4,185,075

① Estimated maximum annual debt service per Table 3.

1978/79 and 1979/80 Connection Fees. Over the past eight years, the annual minimum number of new dwelling units connected to the District's sewerage system was 1,310 in 1974. Over the three-year period 1975 through 1977, the annual number of new dwelling units connected to the District's sewerage system averaged 1,902.

The District's staff estimates that the balance of the District's EBDA cash flow advance requirements can be met with connection fee revenue that is anticipated to be collected for approximately 1,000 new dwelling units per year in 1978/79 and 1979/80.

On April 24, 1978, the Board of Directors adopted Ordinance 29.10 which sets sewer connection fees for 1978/79 (effective July 1, 1978). The 1978/79 connection fee per dwelling unit is \$755. In addition, 1978/79 connection fees for types of uses other than a dwelling unit are proportionate to the demand placed on District sewerage facilities by a dwelling unit. It is anticipated that the District will increase its 1979/80 dwelling unit connection fee to \$840. Connection fees for other types of uses are anticipated to be increased proportionately in 1979/80.

Summary. The following tabulation on page 29 summarizes the sources of funds which the District intends to apply toward meeting its estimated future EBDA Phase I Project cash flow advance requirements (\$7,177,000).

UNION SANITARY DISTRICT

Sources of Funds to Met EBDA Phase I Project Future Cash Flow Advance Requirements

Source	Estimated Amount
Bond Proceeds	\$4,185,000
Available Construction Funds	1,400,000
1978/79 and 1979/80 Connection Charges	1,600,000 ^①
Total	\$7,185,000

① Anticipated revenue from approximately 1,000 new dwelling unit connections per year in 1978/79 and 1979/80 at the rate of \$755 and \$840 per connection, respectively.

1978/79 and Estimated Future Revenue Requirements

Sole-Use Facilities Maintenance and Operation.

The District's 1978/79 Maintenance and Operations Budget approved by the Board of Directors on June 26, 1978, provides \$2,936,571 for maintenance and operation of the District's sole-use facilities. In addition provision is made for \$7,925 to cover service charge collection costs payable to Alameda County.

The District staff's projections of future revenue requirements for maintenance and operation of the District's sole-use facilities provide for an anticipated annual increase of ten percent per year through 1981/82, the scheduled first full year of operation of sole-use facilities constructed as part of the EBDA Phase I Project.

Joint-Use Facilities Maintenance and Operation.

EBDA's Phase I Project Update No. 12 (June 1978) projects the District's share of operation and maintenance costs at \$37,800 in 1979/80 and \$171,700 in 1980/81. The District staff's projections of these operation and maintenance costs in 1981/82 (\$188,900) include an allowance for an anticipated ten percent increase over the 1980/81 estimate.

Sewer Revenue Bond Service. Based on Table 3 data, the District's estimated annual bond service requirements to be met by Revenues of the Enterprise over the period 1978/79 through 1981/82 are as follows: 1978/79 @ \$439,000; 1979/80 @ \$441,300; 1980/81 @ \$442,900; and, 1980/81 @ \$443,800.

Replacement Requirements. The District has budgeted annual revenue requirements for replacement of treatment and pumping facilities at an amount equivalent to 1.5 percent of their total cost. In 1978/79 the District has provided \$18,985 for this purpose (1.5 percent of the \$1,265,650 cost of existing treatment and pumping facilities that will be retained as part of the Enterprise).

In 1981/82, the scheduled first full year of operation of sole-use facilities constructed as part of the EBDA Phase I Project, it is anticipated that annual revenue requirements for sole-use treatment and pumping facilities will approximate \$465,300. This amount is equivalent to 1.5 percent of the cost of: (1) existing treatment and pumping facilities to be retained as part of the Enterprise (\$1,265,650); plus, (2) the Alvarado sewage treatment plant (\$25,800,400); plus, (3) the Newark and Irvington Pump Stations (\$3,955,500).

The District will also be required to budget annual revenue requirements of approximately \$21,400 for replacement of EBDA joint-use treatment and pumping facilities, beginning in 1980/81 as shown previously in Table 7.

General Obligation Bond Service. Bond service costs on the District's outstanding general obligation bonds issued for sewerage purposes for the four-year period 1978/79 through 1981/82 are as follows: 1978/79 @ \$354,408; 1979/80 @ \$351,708; 1980/81 @ \$348,663; and 1981/82 @ \$345,410.

Operating Reserve. As indicated previously, the District's sewer service charges are collected on the annual tax roll. During each fiscal year (July 1 through June 30) the first installment of service charge collections are forwarded by Alameda County to the District beginning in December. The second installment of sewer service charge collections are forwarded by Alameda County to the District beginning in April. Because of these collection procedures, the District has maintained over the years an operating reserve to pay obligations of the Enterprise pending the District's receiving sewer service charge collections from Alameda County. As of July 1, 1978, the start of fiscal year 1978/79, the District's General Fund available cash balance was \$1,893,589.

Beginning in 1979/80, the District will include in its revenue requirements sufficient funds to maintain an operating reserve which will be sufficient to

meet anticipated operation and maintenance costs of the Enterprise through January 31, or the first seven months of the next succeeding fiscal year.

Capital Outlay. The District's 1978/79 Maintenance and Operation Budget provides \$129,152 for equipment, rolling stock, and other capital outlay purposes. The District staff's projections of annual capital outlay requirements provide for an annual increase of ten percent per year over the period 1979/80 through 1981/82.

Estimated Future Revenues, Expenditures, and Sewer Revenue Bond Service Coverage

Table 13 shows estimated revenues, expenditures, and sewer revenue bond service coverage ratios over the period 1978/79 through 1981/82, the scheduled first full year of operation of sole-use facilities constructed as part of the EBDA Phase I Project. These data indicate that on the basis of present information and estimates:

(1) Estimated Revenues of the Enterprise in 1978/79 will be sufficient to: pay budgeted maintenance and operation costs; produce Net Revenues of approximately \$537,500; provide \$439,000 for payment of estimated debt service on the Sewer Revenue Bonds, Series A, through October 1, 1979; produce a Sewer Revenue Bonds, Series A debt service coverage ratio of 1.31. The District (after meeting budgeted replacement, capital outlay, and general obligation bond service costs) will have an operating reserve of approximately \$1,525,545 at the end of 1978/79 to meet projected operation and maintenance

costs of the Enterprise through the first seven months of 1979/80.

(2) Estimated Revenues of the Enterprise for the fiscal years 1979/80 through 1981/82 will be sufficient to: pay projected annual operation and maintenance costs; produce annual Net Revenues ranging from a low of \$1,215,500 in 1980/81 to a high of \$1,682,000 in 1981/82; provide for the payment of estimated annual debt service on the Sewer Revenue Bonds, Series A; produce a Sewer Revenue Bonds, Series A debt service coverage ratio ranging from a low of 2.74 in 1980/81 to a high of 3.79 in 1981/82; and enable the District (after meeting projected replacement, capital outlay, and general obligation bond service costs) to have sufficient operating reserves to pay projected operation and maintenance costs of the Enterprise through the first seven months of the succeeding fiscal year.

Estimated Future Sewer Service Charge Modifications

In 1978/79 it is estimated that approximately \$2,332,165, or 74 percent of the District's total sewer service charge revenue (\$3,177,997) will be derived from residential dwelling units.

The tabulation below shows estimated future annual sewer service charge modifications which will be needed to meet sewer service charge revenue requirement projections attributable to residential users, assuming wastewater loadings of dwelling units result in the allocation of approximately 74 percent of Enterprise costs to residential users.

UNION SANITARY DISTRICT

Estimated Future Sewer

Service Charge Modifications

Year	Estimated Revenue Required From Sewer Service Charges	Residential User Allocation ^①	Estimated Residential Users ^②	Annual Charge
1979/80	\$4,584,000	\$3,392,160	62,276	\$54.47
1980/81	4,650,000	3,441,000	63,276	54.38
1981/82	5,490,000	4,062,600	64,276	63.20

① At 74 percent of total.

② Assumes 1,000 new units added each year.

Table 13**Estimated Future Revenues, Expenditures,
and Sewer Revenue Bond Service Coverage**

	1978/79	1979/80	1980/81	1981/82
BEGINNING OPERATING RESERVE AVAILABLE . .	\$1,893,589 ^①	\$1,525,545	\$2,178,752	\$2,406,004
REVENUES				
Sewer Service Charges	\$3,177,997	\$4,584,000	\$4,650,000	\$5,490,000
Other District Fees, Charges and Income ^②	340,000	300,000	300,000	300,000
Total	\$3,517,997	\$4,884,000	\$4,950,000	\$5,790,000
OPERATION AND MAINTENANCE COSTS				
Sewage Collection System	\$ 628,005	\$ 690,800	\$ 759,900	\$ 835,900
Wastewater Treatment	1,232,030	1,355,200	1,490,800	1,639,800
Equipment and Plant Maintenance	337,450	371,200	408,300	449,100
Administration	372,655	409,900	450,900	496,000
Engineering	244,251	268,700	295,500	325,100
Waste Source Control	122,180	134,400	147,800	162,600
Service Charge Costs of Collection	7,925	8,700	9,600	10,600
EBDA Joint-Use Facilities	—	37,800	171,700	188,900
Total	\$2,944,496	\$3,276,700	\$3,734,500	\$4,108,000
NET REVENUES	\$ 573,501	\$1,607,300	\$1,215,500	\$1,682,000
ESTIMATED SEWER REVENUE BOND SERVICE . . .	\$ 439,000	\$ 441,300	\$ 442,900	\$ 443,800
COVERAGE RATIO	1.31	3.64	2.74	3.79
FUNDS AVAILABLE FOR OTHER PURPOSES				
Operating Reserve Beginning Balance	\$1,893,589	\$1,525,545	\$2,178,752	\$2,406,004
Estimated Net Revenues After Providing for Sewer Revenue Bond Service	134,501	1,166,000	772,600	1,238,200
Total	\$2,028,090	\$2,691,545	\$2,951,352	\$3,644,204
EXPENDITURES FOR OTHER PURPOSES				
Replacement Sole-Use Facilities	\$ 18,985	\$ 18,985	\$ 18,985	\$ 465,300
Replacement Joint-Use Facilities	—	—	21,400	21,400
Capital Outlay	129,152	142,100	156,300	171,700
General Obligation Debt Service	354,408	351,708	348,663	345,410
Total	\$ 502,545	\$ 512,793	\$ 545,348	\$1,003,810
ENDING OPERATING RESERVE AVAILABLE ^③ . . .	\$1,525,545	\$2,178,752	\$2,406,004	\$2,640,394

① General Fund Cash and Investments as of June 30, 1978 per Audited District Financial Statement.

② Inspection, Annexation, Plan Check fees and other miscellaneous sources including interest on time deposits.

③ Beginning in 1979/80 at a level to pay operation and maintenance costs for the first seven months of the next succeeding fiscal year.

Source: District Staff and Financing Consultant Estimates.

ECONOMY OF THE DISTRICT

The Union Sanitary District covers approximately 45 square miles in southwestern Alameda County. The District includes the City of Union City and most of the incorporated boundaries of the City of Fremont and the City of Newark, plus certain unincorporated county lands. The center of the District is located about 30 miles south of Oakland and 35 miles southeast of San Francisco.

The District forms part of the highly urbanized and industrialized East Bay, which in turn is part of the five-county San Francisco-Oakland Metropolitan Area. Two main line railroads serve the District. Stations of the Bay Area Rapid Transit District (BART) are located at Fremont and Union City, providing convenient transportation for District residents to points in Alameda, Contra Costa, and San Francisco Counties. Connecting bus lines serve Marin, San Mateo, and Santa Clara Counties from BART terminals.

The District's economy is based largely on manufacturing and distribution. A General Motors assembly plant in Fremont employs over 5,000 workers. Access to highly developed transportation facilities has resulted in the development of numerous distribution plants. A number of nurseries, orchards, and vegetable farms throughout the District provide an agricultural base. The District has benefited from the rapid growth in Southern Alameda County, discussed in the following sections of this Official Statement.

Population

Southern Alameda County has been one of the fastest growing areas in California during the past two decades. Much of this activity was sparked by the decision of General Motors to establish an assembly plant at Fremont in the early 1960's, and was given further impetus by the extension of BART service in 1972.

The District serves virtually all of the developed areas of Fremont, Newark, and Union City. The combined population of these three cities as of Jan-

uary 1, 1978 totaled 185,750, according to estimates by the State Department of Finance. This was more than three times their combined population in the 1960 U.S. Census. During the same interval the population of Alameda County increased less than 22 percent. Expressed as a percentage of total county population, the three cities accounted for 6.6 percent in 1960, 13.3 percent in 1970, and 16.8 percent in 1978.

Although all three cities experienced above average population growth, Union City has the highest rate of growth. This community more than doubled its population in the decade of the sixties, and has gained over 132 percent to date in the decade of the seventies. Population data for each of the cities and for Alameda County are shown in Table 14.

Table 14
City and County Population Data

Year	City of Fremont	City of Newark	City of Union City	Alameda County
1960 ^① . . .	43,790	9,884	6,618	908,209
1970 ^① . . .	100,869	27,153	14,724	1,071,446
1978 ^② . . .	120,600	30,900	34,250	1,105,800

^① U.S. Census Bureau.

^② January 1 estimate of the State Department of Finance.

Housing Characteristics

The District is characterized by single-family, owner-occupied homes. In the 1970 Census of Housing each of the three cities served by the District reported that single units accounted for at least 85 percent of the total housing stock, and home ownership was 72 percent or higher. The accompanying tabulation of housing units by type in the three cities reveals that the proportion of single-family homes in Fremont and Union City has declined since 1970, but is still relatively high. In Newark, the proportion of single units has increased since 1970.

The 1970 Census of Housing reports that the median value of owner-occupied homes in the three cities was as follows: City of Fremont, \$24,500; City of Newark, \$23,100; and City of Union City, \$24,300. An indication of the effects of inflation on residential housing prices can be obtained from the summary of average building permit valuations in

1977 as compared with 1970 as shown on page 34. Over this time span, the average building permit for single-family homes in Newark increased more than

104 percent in value, while those in Union City and Fremont increased over 117 and 235 percent, respectively.

Housing Units By Type

For Cities Served By the District

Year	Housing Units Single	Housing Units 2 Thru 4	Housing Units 5 or More	Mobile Homes	Total Housing Units	Percent Single Family Units
City of Fremont						
1970①	23,444	592	3,161	108	27,305	85.9%
1975	28,061	1,048	7,792	605	37,506	74.8
1976	28,726	1,048	7,828	640	38,242	75.1
1977	29,523	1,058	7,828	680	39,089	75.5
1978	30,799	1,070	8,092	702	40,663	75.7
City of Newark						
1970①	6,001	327	471	2	6,801	88.2
1975	6,998	358	484	2	7,842	89.2
1976	7,493	447	508	0	8,448	88.7
1977	7,764	449	508	0	8,721	89.0
1978	7,998	455	508	0	8,961	89.3
City of Union City						
1970①	3,297	136	48	356	3,837	85.9
1975	6,850	947	477	680	8,954	76.5
1976	7,600	980	856	668	10,104	75.2
1977	8,061	1,034	856	818	10,769	74.9
1978	8,368	1,146	856	914	11,284	74.2

① As of April 1. All other years, as of January 1.

Source: State Department of Finance.

The average permit valuation of single family homes, exclusive of land costs, in Cities served by the District rose within a range of 104 to 235 percent between 1970 and 1977.



Average Permit Valuation^①

Single Family Homes

City	1970	1977	Percent Change
Fremont	\$15,922	\$53,349	235.1%
Newark	21,429	43,867	104.7
Union City	17,748	38,552	117.2

① Excludes value of land.

Source: *California Construction Trends*, Security Pacific Bank.

Employment

Alameda County forms part of the five-county San Francisco-Oakland Labor Market Area, reported on a monthly basis by the State Department of Employment Development. As of June 1978 the civilian labor force for the five-county area was 1,554,500 of whom 1,462,100 were employed. The unadjusted unemployment rate was 5.9 percent compared to a June 1977 rate of 8.2 percent. Seasonally

adjusted unemployment rates were 5.8 percent and 8.0 percent, respectively.

Of the 1,436,900 wage and salary workers in the June 1978 report, approximately 21 percent are in personal services, and about the same number hold government jobs (mostly state and local). Other leading categories of wage and salary employment are retail trade and manufacturing. Total wage and salary employment in June 1978 was up 36,300 over the previous year.

Nearly one-third of all jobs in the five-county San Francisco-Oakland Metropolitan Area are found in Alameda County. Principal sources of employment in the county are government, trade, manufacturing, and services, in that order. A summary of employment in the county by number of employers, number of employees, and total wages paid for the second quarter of 1977 (latest data available) is in Table 15. As of June, 1977, a total of 19,346 Alameda County employers provided jobs for 456,177 workers, with annual wages and salaries approaching \$6 billion. About 29 percent of all wages and salaries are dispensed to government employees. Workers in manufacturing receive over 21 percent of total wages paid in the county. The leading employers in Alameda County are listed in Table 16.

Table 15

ALAMEDA COUNTY

Employment by Industry

Industry	No. of Employers (Second Quarter 1977)	No. of Employees (June, 1977)	Total Quarterly Wages (Second Quarter 1977)
Agriculture	349	3,874	\$ 7,015,597
Mineral Extraction	14	587	3,120,514
Construction	1,585	19,222	84,867,150
Manufacturing	1,703	80,542	316,573,317
Transportation, Utilities	604	28,867	119,145,664
Wholesale Trade	1,539	26,926	101,558,110
Retail Trade	4,527	73,915	171,406,873
Finance, Insurance, Real Estate	1,734	22,387	61,103,878
Services	6,592	77,785	195,178,372
Federal Government	45	22,005	90,967,447
State Government	398	39,089	137,984,002
Local Government	107	60,259	196,105,250
Other	149	719	1,426,019
Total	19,346	456,177	\$1,486,452,193

Source: Quarterly reports of private employers and government entities, reporting Unemployment Insurance and Disability Insurance taxes or Personal Income Tax withholding. California Employment Development Department.

Table 16

MAJOR EMPLOYERS IN ALAMEDA COUNTY

Name of Firm	Type of Business	Employees
Manufacturing:		
General Motors Corporation	Motor vehicles	5,600
Kaiser Affiliated Companies	Manufacturing, engineering, broadcasting and other	5,200
The Rucker Company	Electronic, hydraulic and computer control system	2,100
Owens-Illinois, Inc.	Glass and corrugated shipping containers	2,040
Peterbilt Motors Co.	Heavy duty motor trucks	1,400
Caterpillar Tractor Co.	Fuel injection equipment	1,600
Western Electric Co.	Communications equipment	1,510
Diablo Systems, Inc., (Subsidiary of Xerox Corp.)	Computer equipment manufacturer	1,400
Del Monte Corporation	Food packing	1,232-4,150
General Electric Company	Electric apparatus	1,220-1,370
Oakland Tribune	Newspaper	1,200-1,250
International Harvester	Agricultural and industrial equipment	1,100
Sandia Laboratories, Sandia Corp.	Nuclear research and development	1,100
P.I.E. (Subsidiary of International Utilities)	Motor carrier	1,000
Pacific States Steel Corp.	Steel shapes	525-1,000
Hunt-Wesson Foods, Inc.	Food processing	700-3,500
United Can Co.	Containers	600
Shaklee Industrial Corp.	Household cleaners	650
Mack Trucks Inc.-Western Div.	Truck assembly	700
Non-Manufacturing:		
University of California, including Lawrence Radiation Laboratories at Berkeley and Livermore	Education, AEC laboratories	16,000
Alameda County	Government	9,000
Alameda Naval Air Station	Air station, overhaul and repair	8,600
Oakland Unified School District	Education	6,400
Mervyn's	Department store chain	5,000
Montgomery Ward & Co.	Retail stores	4,700-5,400
Pacific Telephone Co.	Utility service	4,500-5,000
U. S. Postal Service	Mail service	4,000
Oakland Army Terminal	Military supplies	2,400
Pacific Gas & Electric Co.	Gas and electric service	3,600-3,735
Southern Pacific Transportation Co.	Rail and motor transportation	3,500
City of Oakland	Municipal government	3,500
Naval Supply Center	U. S. Navy	3,200
Fremont Unified School District	Education	2,400
Hayward Unified School District	Education	2,300
Safeway Stores, Inc.	Food products distribution	2,100
World Airways, Inc.	Transportation	2,000
Bay Area Rapid Transit District	Public transportation	1,874
AC Transit District	Public transportation	1,825
Berkeley Unified School District	Education	1,800
Kaiser Foundation Hospitals (2)	Medical care	1,800
Naval Medical Center	U. S. Naval hospital	1,700
Blue Cross of Northern California	Health insurance	1,600
Capwell's	Department store	1,585-1,695
Burns International Security Service, Inc.	Security	1,500
City of Berkeley	Municipal government	1,500
Calif. State University, Hayward	Education	1,400
Lucky Stores, Inc.	Food products distribution	1,280
State Dept. of Public Health	Medical services	1,200
Alameda Unified School District	Education	1,170
Payless Drug Stores	Retailer	1,140
Bank of America N.T. & S.A.	Finance	1,100-1,200
East Bay Municipal Utility District	Utility service	1,100
Sears Roebuck & Co.	Department store	1,060-1,200
Peralta Community College District	Education	1,050
Chabot College	Community College	900

Source: Bay Area Employer Directory and Community Economic Profiles.

As already noted, suburban lines of the Bay Area Rapid Transit District were extended to Fremont in 1972. There is also a terminal at Union City. Access to BART service has resulted in substantially increased employment opportunities and mobility for District residents.

There are 105 establishments in Alameda County employing 500 or more persons, and 212 which employ 250 or more. Distribution of employers by number of employees is presented in the tabulation below.

ALAMEDA COUNTY

Employment By Number of Employees^①

No. of Employees	No. of Firms
0-3	8,067
4-9	4,964
10-19	2,236
20-49	1,523
50-99	618
100-249	364
250-499	107
500-999	55
1,000 and over	50
Total	17,984

^① Third quarter 1977 report of Unemployment Insurance Insured Employment.

Source: California Department of Employment Development.

Military installations in Alameda County employ many civilian personnel. The U.S. Navy employs over 12,000 at the Naval Air Station, Alameda, the

Naval Supply Center, Oakland, and Oak Knoll Naval Hospital, one of the Navy's principal medical care facilities. The U.S. Army employs 2,400 at the Oakland Army Base, which houses the Military Ocean Terminal, the Military Traffic Management Command, and the Navy's Public Works Center.

The largest industrial employers in the District are General Motors, Peterbilt Motors, and Pacific States Steel Corporation, described below. These firms have combined employment of nearly 8,000 workers. District employers with 100 or more employees are listed in Table 17.

The Fremont plant of the General Motors Assembly Division was established in 1961. It is one of three GM assembly plants in California, and employs 5,600 in the final assembly of passenger cars and trucks. The plant is situated in south Fremont, between State Highway 17 and Interstate 680, and is on the main lines of Southern Pacific and Western Pacific Railroads.

General Motors has recently completed construction of a regional administrative headquarters building at Civic Center in Fremont. The building houses offices formerly scattered throughout the Bay Area. About 250 personnel are employed in this new building.

Peterbilt Motors Co., at Newark, is a division of Paccar Inc. (formerly Pacific Car and Foundry). The local plant was established in 1939 and employs 1,400 in the production of heavy duty trucks. The Union City plant of Pacific States Steel Corp. dates from 1936. It produces flat rolled bars, bar and structural size shapes, reinforcing bars, and grinding balls and rods. Employment varies from the current 525 to 1,000 or more, depending on contractual commitments.

Two Bay Area Rapid Transit District stations are located within the District.



Table 17**UNION SANITARY DISTRICT****Largest Employers Within the District****100 or More Employees**

Firm	Product or Service	Employees
FREMONT:		
General Motors—Assembly Div.	Passenger cars, trucks	5,600
Washington Hospital	Medical care	630
Fremont Unified School District	Education	2,600
Fremont-Newark Community College District	Education	600*
City of Fremont	Municipal government	700
Safeway Stores, Inc.	Grocery distribution and bakery	900
Federal Aviation Administration	Air traffic control center	600
Fleming Foods	Grocery distribution	400
Pacific Telephone Co.	Utility	275
CT Supply Co.	Food cans	260
Insured Transporters Inc.	Auto transport	250
Kroehler Mfg. Co.	Furniture	240
EMCO Distributors	Distribution/toiletries	225
Pacific Gas & Electric Co.	Utility	165
Fudenna Bros.	Agriculture	150
Industrial Electric Mfg., Inc.	Switchboards	140
L. S. Williams Co.	Produce growers, packers	200
Hussmann-California Co.	Metal fixtures, shelving	150
Alameda County Water District	Water Utility	125
NEWARK:		
Peterbilt Motors	Custom heavy duty trucks	1,400
A. O. Smith Corp.	Water heaters	275
Leslie Salt Co.	Salt, specialty food products	300
Morton Salt Co., Div.	Salt	130
Morton-Norwich Products	Industrial chemicals	150
FMC Corp.—Ind. Chemicals Div.	Flexible packaging	120
Guardian Packaging Corp.	Vinyl films mfg.	145
Columbus Coated Fabrics Co., Div. Borden Chemical	Wholesale lumber	100
American Forest Products Corp. (Bendix)	Metal products	130
Cerro Metal Products, Div. Cerro Marman	Education	700
Newark Unified School District	Retail store	130
K-Mart	Refractories	200
Kaiser Refractories		
UNION CITY:		
Pacific States Steel Corp.	Structural steel	525-1,000
Kaiser Aluminum & Chemical Corp.	Can containers	220
St. Regis Paper Co.	Packaging materials	185
U.S. Pipe and Foundry Co.	Pressure pipe	175
Owens-Illinois, Forest Products Div.	Corrugated shipping containers	150
Bemis Company, Inc.	Plastic bags	140
Campbell Chain Co.	Link chain	125
Foremost-McKesson	Distributors, wine and spirits	285
Valley Industrial Services	Industrial laundry	125
Kitayama Bros. Nursery	Flower grower, wholesaler	110
Avard-Garth Distribuco, Inc.	Institutional foods	110
Duplex Products, Inc.	Multi-copy business forms	110
American Distilling Co.	Liquor distiller, bottler	120
New Haven Unified School District	Education	550
Liquid Air, Inc.	Air processing plant	100

*Includes part-time employees.

Source: Community Economic Profiles and personal contact by Stone and Youngberg MFC, Inc.



The General Motors Inc. plant at Fremont, which employs 5,600, is the District's largest employer.

Commercial Activity

Among well-known retailing organizations with outlets in the District are Sears, Mervyn's, Capwell's, Montgomery Ward, K-Mart, The Treasury, and Gemco.

Presently under construction west of the Nimitz Freeway in Newark is NewPark, a major regional shopping center to be owned jointly by Sears and Macy's. It is being developed by Homart, a division

of Sears. Valued at \$50 million and covering 102 acres, this facility will have four major department stores (including J.C. Penney), and over 100 supporting establishments. Grading operations are now underway.

Both the number of outlets and the dollar volume of taxable sales in each member city have increased steadily in recent years, as reflected in Table 18.

Table 18

TAXABLE TRANSACTIONS

UNION SANITARY DISTRICT CITIES

(Dollars in Thousands)

Calendar Year	City of Fremont		City of Newark		City of Union City	
	Permits	Sales	Permits	Sales	Permits	Sales
1973	1,601	\$238,614	306	\$46,646	296	\$38,605
1974	1,706	263,863	336	49,237	336	56,966
1975	1,835	283,713	365	53,724	384	60,682
1976	1,957	331,195	398	62,229	448	75,510
1977	2,070	395,128	439	79,718	480	85,944
1978 (3 months)	2,135	94,668	446	19,942	491	20,237

Source: State Board of Equalization.

Financial Institutions

The District is served by ten banks operating 24 branch offices, as follows: Bank of America (7 branches), California First Bank, Central Bank, Crocker National Bank (2), Fremont Bank (3), Lloyds Bank California (2), Security Pacific National Bank, Sumitomo Bank of California (2), United California Bank, and Wells Fargo Bank (4). Additional financial services are provided by eleven savings and loan associations which maintain offices in the District.

Construction Activity

Throughout the District, building permit valuation has been steadily rising in recent years, with 1977 volume a record \$152 million. Over three-fourths of this total valuation consisted of residential construction. Of the 2,407 new housing units authorized during the year, 2,014 were single-family houses. The average permit value of these single units, exclusive of land, was as follows: Fremont \$53,349, Newark, \$43,867, and Union City \$38,552.

Building permit valuation in the District continues at a high level, with January-June 1978 volume of approximately \$111 million. The record of building permit valuation in each city since 1973 is summarized in Table 19.

The California School for the Blind and the California School for the Deaf, now housed in Berkeley, will be relocated to Fremont in mid-1980. The Fremont complex, valued at more than \$53 million, will consist of over 20 buildings providing for 625-650 students. Employment is estimated at 350-400. The site is less than a mile north of the Fremont Civic Center.

A new South County Courthouse is now nearing completion in Fremont. The facility, housing municipal courts, is expected to employ approximately 250 persons.

Another large construction project in the District is the new NewPark regional shopping center in Newark (see "Commercial Activity").

Table 19
BUILDING PERMIT VALUATION
(Dollars in Thousands)

	1973	1974	1975	1976	1977	Jan.-June 1978
CITY OF FREMONT:						
Residential	\$22,048	\$24,032	\$31,461	\$48,396	\$ 92,001	\$63,807
Nonresidential	11,971	8,509	15,260	21,111	14,374	19,875
Total	\$34,019	\$32,541	\$46,721	\$69,507	\$106,375	\$83,682
No. of New Dwelling Units:						
Single	596	452	611	981	1,527	766
Multiple	254	140	76	270	370	615
Total	850	592	687	1,251	1,897	1,381
CITY OF NEWARK:						
Residential	\$ 3,760	\$ 5,577	\$11,801	\$14,651	\$ 7,760	\$ 6,737
Nonresidential	3,135	2,226	1,741	2,540	15,902	2,176
Total	\$ 6,895	\$ 7,803	\$13,542	\$17,191	\$ 23,662	\$ 8,913
No. of New Dwelling Units:						
Single	114	173	294	334	143	112
Multiple	20	—	8	—	7	8
Total	134	173	302	334	150	120
CITY OF UNION CITY:						
Residential	\$15,397	\$17,252	\$20,410	\$18,027	\$ 15,730	\$ 9,012
Nonresidential	5,419	8,060	3,646	2,610	6,235	9,219
Total	\$20,816	\$25,312	\$24,056	\$20,637	\$ 21,965	\$18,231
No. of New Dwelling Units:						
Single	526	550	469	347	344	207
Multiple	140	34	28	176	16	10
Total	666	584	497	523	360	217

Source: *California Construction Trends*, Security Pacific Bank.

Transportation

Well-developed transportation facilities serve the entire East Bay area. Three transcontinental railroads—Southern Pacific, Western Pacific, and Santa Fe—have major terminals in the East Bay, providing service to national markets. Southern Pacific and Western Pacific main lines serve the District. The two railroads have reciprocal switching arrangements.

State Highway 17 (Nimitz Freeway) is the main artery accommodating north-south traffic flow on the east side of San Francisco Bay between Oakland and San Jose, traversing the District. At Oak-

land, Highway 17 connects with Interstate 80, which continues on into San Francisco. Interstate 680 enters the District from the east and runs south to San Jose. To the north Interstate 680 provides access to the Sacramento area via a connection with Interstate 80, and connects with Interstate 580 at Dublin for travel to the Central Valley and Southern California via Interstate 5.

State Highway 238 serves the eastern part of the District. State Highway 84 provides east-west traffic circulation in the District, continuing west over the Dumbarton Bridge to the Palo Alto-Menlo Park area of the San Francisco Peninsula. Construction has started on a new high-level Dumbarton Bridge.

A few miles north of the District, the Hayward-San Mateo Bridge carries State Highway 92 to mid-Peninsula points. With the completion of the new Dumbarton Bridge, the District will be served by two high-level bridges of modern design leading to the Peninsula.

San Francisco and Oakland harbors provide shipping to world ports. The Port of Oakland, about 25 miles north of the District on the Nimitz Freeway, is the second largest container port in the United States. It handles approximately seven million revenue tons of cargo annually, and is served by over 40 international shipping lines. The Port has 25 berths, over 300 acres of container terminal facilities with 14 container cranes, and an additional 40 acres of general cargo and special handling areas. A 52-acre container terminal complex in the Port's Outer Harbor was completed recently.

The District has freeway access to the three major airports in the Bay Area—San Francisco, Oakland, and San Jose. All can be reached in less than an hour. Oakland International Airport, 20 miles north of the District on the Nimitz Freeway, has scheduled flights by 11 airlines. Over two million passengers pass through the terminal annually. Trans International Airlines and World Airways, the world's two largest charter carriers, maintain their respective headquarter bases at Oakland International Airport. In 1973 the Port of Oakland built the \$14 million World Air Center, a maintenance facility, for lease to World Airways. This Center serves all airlines at the airport.

San Jose Municipal Airport is served by nine scheduled carriers. It is located about 12 miles south of Fremont on the Nimitz Freeway. San Francisco International Airport is conveniently reached over the Hayward-San Mateo Bridge and the Bayshore Freeway.

The Air Route Traffic Control Center at Fremont, operated by the Federal Aviation Administration, controls the movement of all commercial aircraft in northern California, northern Nevada, and off-shore Pacific Ocean areas. It is one of twenty such centers in the United States.

Interurban bus service is provided by AC Transit, which serves East Bay cities and continues into San Francisco over the Bay Bridge. There is a local transit system at Union City. Greyhound Bus Lines maintains a terminal at Fremont. Additional bus service is made available by Trailways and by SAM-TRANS, which crosses the San Mateo-Hayward

Bridge. AC Transit connects with Santa Clara County Transit District buses at the Fremont BART terminal. Peerless Stages operates buses between the Fremont BART station and Palo Alto.

Bay Area Rapid Transit

Transportation planning in the East Bay centers on BART, the Bay Area Rapid Transit District, headquartered in Oakland. This high speed transit system serves the three counties of Alameda, Contra Costa, and San Francisco. Within the District there are BART stations at Union City and Fremont, which is the southern terminus of the system. Running time between Fremont and San Francisco's downtown financial district is 40 minutes, the trains transiting a tube under the Bay. From Oakland, branch lines extend to Richmond, in western Contra Costa County, and to Concord, in central Contra Costa County.

Education

Public educational services in the District are provided by the New Haven Unified School District (Union City area), the Newark Unified School District, and the Fremont Unified School District. Each of these school systems provides instruction from kindergarten through high school. Enrollment in the New Haven Unified School District has been increasing in recent years, while that of the other two school jurisdictions has been declining. This is reflected in the tabulation of public school enrollment for the past five-year period on page 42.

Located in the District are a number of private and parochial schools offering instruction in the pre-school age groups through secondary grades.

Post-secondary public educational requirements are met by the community colleges. Residents of Fremont and Newark are served by the Fremont-Newark Community College District, operating Ohlone College in Fremont. This two-year community college, situated on 103 acres, enrolled 8,268 students in the 1977/78 academic year. The northern part of the Union Sanitary District is served by the South County Joint Community College District, administrative agency for Chabot College. This community college, located on a 94-acre campus in west Hayward, enrolled 19,522 students in 1977/78. Chabot offers 58 transfer majors, 39 career programs leading to the Associate in Arts degree and 48 programs in Technical-Vocational Education.



Ohlone College in Fremont enrolled 8,268 students in the 1977/78 academic year.

Public School Enrollment^①

School Year	Elementary (K-8)	Secondary (9-12)	Total
Fremont Unified School District:			
1973/74	22,057	9,632	31,689
1974/75	21,286	9,839	31,125
1975/76	20,277	10,090	30,367
1976/77	19,643	9,995	29,638
1977/78	18,525	9,550	28,075
New Haven Unified School District (Union City):			
1973/74	5,907	1,840	7,747
1974/75	6,013	1,983	7,996
1975/76	6,393	2,088	8,481
1976/77	6,301	2,134	8,435
1977/78	6,665	2,339	9,004
Newark Unified School District:			
1973/74	6,718	2,659	9,377
1974/75	6,510	2,663	9,173
1975/76	6,234	2,745	8,979
1976/77	6,007	2,784	8,791
1977/78	5,668	2,788	8,456

^① Does not include special classes.

Source: Alameda County Superintendent of Schools.

Other community colleges in Alameda County are Oakland's Merritt College, Laney College, and the College of Alameda, all under the Peralta Community College District.

As previously noted, the California School for the Blind and the California School for the Deaf will be relocated from Berkeley to Fremont in 1980.

California State University, Hayward, one of 19 campuses in the California State University and Colleges system, occupies a 354-acre campus in the eastern part of Hayward. Opened in 1959, the campus is located about three miles north of the District boundary on foothills overlooking San Francisco Bay. Total enrollment was 10,959 in the 1977/78 school year. The University is organized into four academic schools: Arts, Letters and Social Sciences; Business and Economics; Education; and Science. The 32 instructional departments offer 37 baccalaureate degree programs and the master's degree in 22 fields of study.

The University of California at Berkeley is one of the landmarks of the East Bay owing to both the impressiveness of its 1,200-acre campus and its reputation as an educational and research center. Enrollment (28,635 in the fall of 1976) normally represents every state in the nation and over one hundred countries. Other degree institutions of the

East Bay Area include Mills College in Oakland, a private college with an enrollment of 1,018; St. Mary's at Moraga, a Christian Brothers' school with an enrollment of 1,472, and Holy Names College in Oakland with 698 enrolled. Within convenient driving distance of the District are San Jose State University, Santa Clara University, Stanford University, San Francisco State University, and the University of San Francisco.

Community Facilities

Medical services are available to District residents at Washington Hospital in Fremont. This 325-bed institution is fully equipped with coronary, intensive care, and child-care units. Kaiser Foundation Hospital was awarded a \$1,739,000 building permit in March 1978 to construct a clinic in Fremont. Construction is expected to take two years. In neighbor-

ing Hayward are St. Rose Hospital (187 beds), Levine Medical Center (160 beds), and Kaiser Foundation Hospital (139 beds).

The Alameda County Library System operates seven libraries and a bookmobile at various locations in the District.

The daily Argus, published in Fremont, provides local press coverage of District communities. Radio station KFRM-FM, Fremont, serves the south county area. San Francisco, Oakland, and San Jose communications media, including newspapers, radio, and TV outlets, serve the needs of District residents.

In addition to park and recreational services provided by each of the member cities, outdoor recreational facilities are made available by the East Bay Regional Park District, which operates an extensive network of regional parks throughout Alameda and Contra Costa Counties. Coyote Hills Regional Park,

Kennedy Community Center in the City of Union City.



in the northwestern part of the District, offers hiking and bicycling trails, model glider and kite flying, picnicking, nature programs, and other activities. It covers 907 acres.

Running eastward from Coyote Hills to Niles Canyon is the Alameda Creek Regional Trail, which has 326 acres in the form of landscaped parallel trails extending over 11 miles for hiking, bicycling, and horseback riding. They follow the Alameda Creek Flood Control Channel through portions of Fremont, Newark, and Union City.

In the southeastern corner of the District is Mission Peak Regional Preserve, some 608 acres of vista point land atop 2,517-foot Mission Peak, the dominant landmark in the South Bay area. A few miles to the east is Sunol Regional Wilderness of 3,749 acres. This major park has campsites, an archery range, and a Nature Center, in addition to the usual group and family picnic areas.

Golf courses located within the District are Newark Golf Course, Warm Springs Golf Course, Parkway Golf Course, and the Sunnyhills Golf Center. In the vicinity of the District are Sunol Valley Golf Course and Castlewood Country Club, each of which has two 18-hole courses.

The many recreational and social advantages of the San Francisco-Oakland and San Jose urban areas are within less than an hour's drive for District residents.

Agriculture

Although the District has experienced rapid commercial and industrial development, there still remains a substantial agricultural base in the form of

numerous horticultural establishments, vegetable farms, and orchards. The County Agricultural Commissioner reports that production of nursery products and cut flowers in Alameda County averaged \$24.5 million annually in the past two years, compared with an average annual production of \$19.9 million during the 1974-75 period. A large share of this production was accounted for by District nurseries and greenhouses. Gross farm production values in the county since 1973 are shown in the tabulation below.

Utilities

Utility services in the District are furnished by the following:

Electricity: Pacific Gas and Electric Co.
Natural Gas: Pacific Gas and Electric Co.
Telephone: Pacific Telephone Co.
Water: Alameda County Water District.

City of Fremont

Fremont is the third largest city in population in the San Francisco-Oakland Metropolitan Area, trailing only San Francisco and Oakland. Its 96 square miles make it California's fifth largest city in land area.

The City of Fremont was incorporated January 23, 1956 as a general law city, combining the former communities of Centerville, Irvington, Mission San Jose, Niles, and Warm Springs into one City. The City is named after General John C. Fremont.

Fremont has the council-manager form of government. Four councilmen elected at large serve four-year overlapping terms. The mayor is elected directly

ALAMEDA COUNTY

Gross Value of Agricultural Production

Commodity	1977	1976	1975	1974	1973
Field Crops	\$ 2,352,200	\$ 2,520,800	\$ 5,312,300	\$ 4,906,600	\$ 3,606,400
Vegetable Crops	7,434,000	6,812,000	5,954,000	5,280,000	5,503,000
Fruit and Nut Crops	2,294,000	1,185,000	1,567,000	2,212,500	3,101,700
Nursery Products	12,304,000	12,847,000	9,665,000	8,349,000	7,557,000
Nursery Cut Flowers	11,321,000	12,542,000	11,238,000	10,549,000	10,588,000
Livestock and Poultry	4,573,000	7,191,600	6,057,000	5,931,000	9,775,500
Apiary Products	①	24,100	47,600	45,600	55,200
Total	\$40,278,200	\$43,122,500	\$39,840,900	\$37,273,700	\$40,186,400

① No income reportable due to drought.

Source: Alameda County Agricultural Commissioner.

by voters for a two-year term. The City has a total of 700 employees. The Police Department is staffed by 192 employees, including 142 uniformed members. The Fire Department has 124 employees, of whom 115 are uniformed. Municipal government is centered at the City Government Building, located in Fremont Central Park.

Fremont has extensive open space. The western quarter of the City is part of the San Francisco Bay National Wildlife Refuge, and the eastern quarter is located in virtually undeveloped hills. There are 22 miles of San Francisco Bay shoreline within the City limits. The 412-acre Central Park includes Lake Elizabeth and the Civic Center, which provide a unique civic and recreational complex in the center of the City.

About 5,700 acres in Fremont are zoned for industry of all types. The City has over 100 manufacturing plants, the largest of which is the huge General Motors assembly plant in the southern part of the City. This complex has spawned numerous satellite plants in the area, adding to the industrial base of Southern Alameda County. The City has a number of nurseries and horticultural establishments.

Median household effective buying income in the City is \$20,841 according to Sales Management's 1978 Survey of Buying Power. This compares with a countywide figure of \$16,375. Of five other cities in Alameda County for which this figure is available (Alameda, Berkeley, Hayward, Oakland and San Leandro), none was higher than \$18,599.

City of Newark

Situated in the west central part of the District, Newark has been a center of salt production since 1852. Like the other two cities served by the District, Newark has a well-developed industrial base. The City, which covers an area of 8 square miles, was incorporated September 22, 1955 and operates as a general law city under California statutes.

The City employs the council-manager form of government, with four councilmen elected at large to serve four-year overlapping terms. The Mayor is directly elected for a two-year term. There are approximately 121 city employees. The Police Department has 30 full-time personnel and 24 reserves, operating 17 cars (6 on patrol) and a

3-way communications system in the City Administration Building. The Fire Department has 28 full-time employees manning three fire stations.

Leading group classes of products manufactured in the City are heavy duty trucks, salt processing, chemicals, water heaters, tanks, corrugated containers, copper and brass, and vinyl. Peterbilt Motors Co. is the City's largest industrial employer.

Per capita income for city residents was \$4,617 in 1976, according to the Census Bureau.

City of Union City

Union City is the site of the first successful beet sugar mill in the United States. The mill closed in 1975 after 106 years of operation. Today Union City is a rapidly growing industrial and residential city. As noted elsewhere in this Official Statement, the City's population more than doubled between 1970 and 1978.

Union City was incorporated January 26, 1959 as a general law city, combining the former communities of Alvarado and Decoto. City limits encompass 15 square miles north of Newark and Fremont. Four councilmen are elected at large for four-year overlapping terms. The mayor is elected directly by the people for a four-year term.

The City is presently building a new City Hall-Police facility about 1.2 miles south of the present City Hall. Completion is scheduled for October 1978. Nearby, the City is also constructing a new library building. This will be owned by the City and operated by the Alameda County Library System.

The City has 160 municipal employees. The Police Department has 32 uniformed personnel, 11 supporting personnel, 20 police reserves, and 5 police cadets. The Fire Department has 25 uniformed personnel.

Within the City are 1,400 acres zoned for industry, including the Union City-Alvarado Industrial Park, the Central Bay Industrial Park, and the Union City Industrial Park. More than 70 manufacturing plants in the City produce a wide variety of products. The City is also an important distribution center by virtue of its location on two main-line railroads, the heavily-traveled State Highway 17, and its proximity to the Hayward-San Mateo Bridge leading to the San Francisco Peninsula.

DISTRICT FINANCIAL DATA SUPPLEMENT

The \$4,700,000 principal amount of Union Sanitary District Sewer Revenue Bonds, Series A, currently being offered are revenue bonds payable from the Revenues of the Enterprise. The supplemental financial data contained in this section of the Official Statement are presented for informational purposes only.

Assessed Valuations

The Alameda County Assessor determines the assessed valuations of all property within the County except public utility property which is assessed by the California State Board of Equalization. The California State Board of Equalization reports that Alameda County assessed valuations for 1977/78 were 24.2 percent of full value. Information relative to the ratio of assessed valuations to full value in 1978/79 is not available as of the date of this Official Statement. Public utility property is assessed by the State Board of Equalization at 25 percent of full cash value.

Under California law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under a Constitutional Amendment, the California Legislature can raise the exemption. Revenue estimated to be lost to each taxing entity as a result of such exemptions is fully reimbursed to the taxing entity from State funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions without allowances for tax collection delinquencies. In 1977/78, the District's homeowners and business inventory exemptions totaled \$102,290,270. In 1978/79 these two exemptions total \$109,760,000.

Jarvis-Gann Constitutional Amendment

Proposition 13, the Jarvis-Gann Constitutional Initiative, was approved by California voters at the June 6, 1978 election. The text of the Amendment (now Article XIII A of the California Constitution) is as follows:

"Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the County Assessors valuation of real property as shown on the 1975-76 tax bill under 'full cash value', or thereafter, the approved value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction

tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any action, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Table 20 shows the District's assessed valuations for revenue purposes (prior to deductions for the two previously discussed reimbursable exemptions) over the six-year period 1973/74 through 1978/79. Assessed values for 1978/79 reflect the first-year effects of the Jarvis-Gann Constitutional Amendment (Article XIII A of the California Constitution).

Table 20

UNION SANITARY DISTRICT

Assessed Valuations for Revenue Purposes

Fiscal Year	Assessed Valuations
1973/74	\$487,977,354
1974/75	539,094,635
1975/76	620,051,255
1976/77	720,989,332
1977/78	860,768,061
1978/79	904,797,901 ^①

^① Includes estimated redevelopment increment of \$2,123,520. Taxes on this assessed valuation are marked for redevelopment projects.

Table 21 presents the distribution of the District's assessed valuation by tax roll for 1977/78 and for 1978/79.

Table 21

UNION SANITARY DISTRICT

Assessed Valuation by Tax Roll

Tax Roll	Assessed Valuation Net Taxable	Reimbursable Homeowner's Exemptions	Reimbursable Inventory Exemptions	Assessed Valuation for Revenue Purposes
1977/78 Tax Year:				
Local Secured	\$686,728,248	\$66,799,950	\$19,197,725	\$772,725,923
Public Utility	26,647,110	—	—	26,647,110
Local Unsecured	45,102,433	—	16,292,595	61,395,028
Total	\$758,477,791	\$66,799,950	\$35,490,320	\$860,768,061
1978/79 Tax Year:				
Local Secured	\$714,972,965	\$67,332,650	\$23,008,070	\$805,313,685
Public Utility	28,118,620	—	—	28,118,620
Local Unsecured	51,946,316	—	19,419,280	71,365,596
Total ^①	\$795,037,901	\$67,332,650	\$42,427,350	\$904,797,901

^① Includes estimated redevelopment increment of \$2,123,520. Taxes on this assessed valuation are marked for redevelopment projects.

Source: Alameda County Auditor-Controller.

Table 22 presents a six-year history of assessed valuation for cities served by the District prior to

deductions for reimbursable exemptions described previously.

Table 22

Assessed Valuations of Cities Served By the District

Year	City of Fremont	City of Newark	City of Union City
1973/74	\$338,607,444	\$ 78,402,502	\$ 95,041,931
1974/75	369,949,471	89,061,703	104,464,022
1975/76	413,433,365	99,391,757	130,840,196
1976/77	474,414,101	119,475,494	150,810,102
1977/78	567,327,239	138,478,999	179,745,021
1978/79	598,860,088	142,584,680	192,237,958

Source: Alameda County Auditor-Controller.

Tax Rates

District tax rates per \$100 assessed valuation for the past four years are shown in Table 23. No prop-

erty taxes will be levied for District purposes in 1978/79.

Table 23

UNION SANITARY DISTRICT

Tax Rates Per \$100 Assessed Valuation

Area/Purpose	1974/75	1975/76	1976/77	1977/78
Bond No. 3	\$ —	\$0.004	\$0.003	\$0.002
Bond No. 4	—	0.062	0.046	0.040
Annex No. 11	0.009	0.007	—	—
Irvington Annex No. 7	0.017	—	—	—
Irvington Annex No. 8	0.015	0.014	0.012	0.010
Irvington Annex No. 9	0.004	—	—	—
Irvington Annex No. 10	0.053	0.038	—	—

Source: Alameda County Auditor-Controller.

There are 82 tax code areas in the District. In the 1977/78 tax year, total tax rates per \$100 assessed valuation in these various code areas ranged from \$11.164 in an unincorporated area to \$14.451 in the City of Newark.

Table 24 shows 1977/78 tax rates per \$100 assessed valuation in representative tax code areas of the District. In 1977/78 the three tax code areas' combined assessed valuations represented 36 percent of the District's total assessed valuation.

Table 24**UNION SANITARY DISTRICT****Tax Rates in Representative Tax Code Areas**

Tax Agency	12-013 Fremont Assessed Valuation 1977/78 \$197,900,166	11-010 Newark Assessed Valuation 1977/78 \$98,492,058	15-030 Union City Assessed Valuation 1977/78 \$12,478,817
Alameda County	\$ 3.07	\$ 3.07	\$ 3.07
City Rate	1.33	1.72	1.653
Elementary and Secondary Schools	5.044	6.503	5.418
Community College District .....	.853	.853	.626
Other Education .....	.116	.257	.257
County Library .....	.238	.25	.25
Washington TWP Hospital .....	.16	.16	.16
AC Transit .....	.33	.33	—
Bay Area Rapid Transit .....	.431	.431	.431
East Bay Regional Park District .....	.207	.207	.207
Alameda County Water .....	.22	.22	.22
Union Sanitary District .....	.042	.042	.042
Other Special Districts .....	.04	.04	.04
Total, All Property	\$12.081	\$14.083	\$12.374
Flood Zone 5① .....	.36	.36	.36

① Land and Improvements only.

Source: Alameda County Auditor-Controller.

Tax Levies and Tax Delinquency

The District's record of current year tax delinquency is very favorable, averaging only 1.46 percent annually for the past six years. Table 25 below shows the amount of secured tax levies, the amount of delinquent taxes as of June 30 each year, and the rate of current year tax delinquency.

Table 25**UNION SANITARY DISTRICT****Secured Levies and Delinquency**

Fiscal Year	Secured Tax Levy	Amount Delinquent June 30	Percent Delinquent
1972/73 ..	\$1,183,985	\$20,220	1.71%
1973/74 ..	1,161,538	20,340	1.75
1974/75 ..	1,882,900	29,319	1.56
1975/76 ..	2,299,118	29,440	1.28
1976/77 ..	2,349,322	32,680	1.39
1977/78 ..	2,596,366	27,513	1.06

Source: Alameda County Auditor-Controller.

Debt Statement

Table 26 is a statement of the District's direct and estimated overlapping bonded debt as of October 1, 1978. Debt ratios are based on 1977/78 assessed valuations.

The District's share of State school building aid repayable as of June 30, 1977 was \$54,863,480. California Municipal Statistics, Inc. reports the District's share of authorized bonds as follows:

Alameda County Flood Control and Water Conservation District, Zone 3A	\$ 7,091
Alameda County Flood Control and Water Conservation District, Zone No. 5	\$2,236,144
Alameda County Flood Control and Water Conservation District, Zone No. 6	\$ 893,077
Alameda County Water District, Improvement District No. 5	\$2,848,062
Fremont Unified School District	\$ 642,684
Newark Unified School District	\$1,775,304
New Haven Unified School District ..	\$ 237,066
Union Sanitary District, Annex No. 1	\$ 40,000

Table 26

UNION SANITARY DISTRICT

Statement of Direct and Estimated Overlapping Bonded Debt^①

Estimated Population	185,000	
1977/78 Assessed Valuation	\$ 860,768,061 ^②	
Estimated Real Value	\$3,553,369,000 ^③	

Public Entity	Percent Applicable	Estimated Debt Applicable October 1, 1978
San Francisco Bay Area Rapid Transit District	6.870%	\$ 48,455,828
Oakland-Alameda County Coliseum	8.208	1,795,910
Alameda County Dublin Library Corporation	16.416	176,472
Alameda County Flood Control and Water Conservation District—Zone 3A ..	18.181	217,262
Alameda County Flood Control and Water Conservation District—Zone 5 ..	97.563	5,004,981
Alameda County Flood Control and Water Conservation District—Zone 6 ..	95.721	3,101,360
Alameda County Water District	96.767	1,427,313
Alameda County Water District—Improvement District No. 1	93.515	1,318,561
Alameda County Water District—Improvement District No. 3 (Various Issues)	93.504- 96.634	10,435,798
Alameda County Water District—Improvement District No. 5	99.932	2,268,456
Fremont-Newark Community College District	96.449	8,786,503
South County Joint Community College District	9.873	761,208
Fremont Unified School District (Various Issues)	95.923- 96.466	10,894,809
New Haven Unified School District	79.022	2,883,020
New Haven Unified School Building Corporation	79.022	6,321,760
Newark Unified School District (Various Issues)	96.390- 99.125	3,205,232
Newark Unified School Building Corporation	98.628	3,156,096
Union Sanitary District (1959 Issues)	99.974	3,734,028
Union Sanitary District Annexes	100.	1,200
Washington Township Hospital Building Authority	91.980	8,039,052
City of Fremont	95.923	3,405,266
Fremont Civic Center Authority	95.923	790,405
City of Fremont 1915 Act Bonds	100.	11,387,000
City of Newark and 1915 Act Bonds	98.627-100.	2,576,080
City of Union City and 1915 Act Bonds	98.994-100.	3,766,342
Other Schools and Special Districts	Various	3,875
TOTAL GROSS DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT		\$143,913,817^④
Less: Alameda County Water District Improvement Districts 100% self-supporting		\$ 14,022,815
Union Sanitary District (1959 Issues) and Annexes 100% self-supporting		3,735,228
TOTAL NET DIRECT AND ESTIMATED OVERLAPPING DEBT		\$126,155,774

	Ratio to 1977/78		
	Assessed Valuation	Estimated Real Value	Per Capita
Assessed Valuation	—	—	\$4,652
Gross Direct Debt (\$13,735,228)	0.43%	0.11%	20
Gross Direct and Estimated Overlapping Bonded Debt (\$143,913,817)	16.72	4.05	778
Net Direct and Estimated Overlapping Bonded Debt (\$126,155,774)	14.66	3.55	682

① Compiled in cooperation with California Municipal Statistics, Inc. ② Before deduction of \$102,290,270 homeowners and business inventory exemptions, the taxes on which are paid by the State of California. ③ State Board of Equalization reports 1977/78 Alameda County assessed valuations averaged 24.2% of full market value. Public utility property (\$26,647,110) is assessed at 25% of full market value by the State Board of Equalization. ④ Excludes revenue and redevelopment tax allocation bonds.

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